

2021
ANNUAL REPORT



#GönüldenPaylaşıyoruz



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MISSION AND VISION

Our mission

Understanding the expectations and needs of customers

Our mission is to become a participation bank that understands the expectations and needs of its customers in the best way possible and offering most reliable solutions and value propositions through the most appropriate channel, carries out its activities with world-class sustainable profitability and efficiency being aware of principles of participation banking and ethics, facilitates access to financial services focusing onto the customer satisfaction.

Our vision

Constantly generating value

At Ziraat Participation, our vision is to become a global, reputable and leading participation bank that strengthens participation banking not only in Turkey, but in the region, constantly generates value, offers customers more the more as they share at every stage.

OUR STRATEGIES

To be an Effective Participation Bank

- To allocate resources to investments that will create value with the financing it provides,
- To be fair and transparent in profit sharing,
- To create customer centric processes in order to achieve operational excellence.

To Run Participation Banking for Everyone

- “To be the “Moral Participation Bank” with which customers and personnel feel a sense of peace and are happy to work with or for,
- To offer services which meet universal service standards with the same high quality wherever they are,
- To manage the financing of production and trade in a manner that adds value.

To Improve Participation Banking

- To integrate into the international participation banking financial architecture,
- To contribute to the development of the participation banking sector in our country,
- To be a pioneer in the participation banking sector by developing new products and services.

CORPORATE PROFILE

Ziraat Participation sustains its banking business model successfully with its profitable, healthy and growth-oriented strategies.

As the first public participation bank of Turkey, Ziraat Participation provides products and services to suit its customers' needs with its experienced and dynamic human resources, widespread branch network and advanced alternative distribution channels. Ziraat Participation sustains its banking business model successfully with its profitable, healthy and growth-oriented strategies.

Ziraat Participation was founded with a share capital of TL 675,000,000 fully paid by the Undersecretariat of Treasury in accordance with the approval of Banking Regulation and Supervision Agency dated 10 October 2014 numbered 6046 published at the Official Gazette numbered 29146 dated 15 October 2014. The Bank's trade registration was made on 16 February 2015.

Ziraat Participation obtained its operating license with the decision 6302 of Banking Regulation and Supervision Agency dated 12 May 2015 published at the Official Gazette numbered 29355 dated 14 May 2015. The Bank started its participation banking operations with its principle of "Achieving More by Sharing" as of 29 May 2015.

Ziraat Participation carries out its activities in line with its flawless and sustainable growth strategy. The bank, which has 1,529 personnel who are specialized in their fields, further expanded its geographical coverage during the year with the opening of 16 new branches, increasing the total number of branches to 121. Ziraat Participation offers high value-added products, services and solutions to its customers with 93 ATMs as well as its mobile channels, whose share in transactions is constantly increasing.

A strong capital structure and strategies focused on profitable, healthy and sustainable growth are the most important elements supporting Ziraat Participation's activities. The bank's equity size, reaching TL 4.3 billion, provides the strength required for sustainable growth.

Ziraat Participation's total assets increased by 63% in comparison with 2020 year-end and reached a balance sheet size of TL 98.3 billion. Net profit of Ziraat Participation was realized as TL 559 million.

With its well-established and solid structure, modern and innovative management approach, and experienced and dynamic personnel, Ziraat Participation works in strong

cooperation with Ziraat Bank, which has been the driving force of the Turkish banking sector for 158 years, within the framework of its correspondent agreement.

In addition to traditional distribution channels, branches, Ziraat Participation offers its products and services through advanced alternative channels consisting of 93 ATMs, Internet Banking, renewed Mobile Banking, Call Centers and approximately 7,900 POS terminals. Within the scope of its Digital Banking activities, Ziraat Participation meets the financial needs of its customers with the Ziraat Mobile application at the most convenient points and with an approach focused on high customer satisfaction.

Behind Ziraat Participation's continuously developing business model lies an approach focused on customer satisfaction, digitalization and efficiency. As it works towards becoming an effective, leading and respected participation bank, the Bank continues to take firm steps without compromising its asset quality, creating added value in line with its disciplined and sustainable growth strategy.

HIGHLIGHTS FROM 2021



INDICATORS FROM 2021

TOTAL ASSETS

TL 98,313_{mn}
Total assets increased by 63% from TL 60,817 million in 2020 to TL 98,313 million in 2021.

LOANS

TL 66,400_{mn}
The volume of loans increased by 57% from TL 66,400 million in 2020 to TL 42,206 million in 2021.

NUMBER OF EMPLOYEES

1,529
The number of employees of Ziraat Participation increased from 1,261 at the end of 2020 to 1,529 by the end of 2021 on the back of the ongoing growth.



BALANCE SHEET COMPOSITION

NUMBER OF BRANCHES

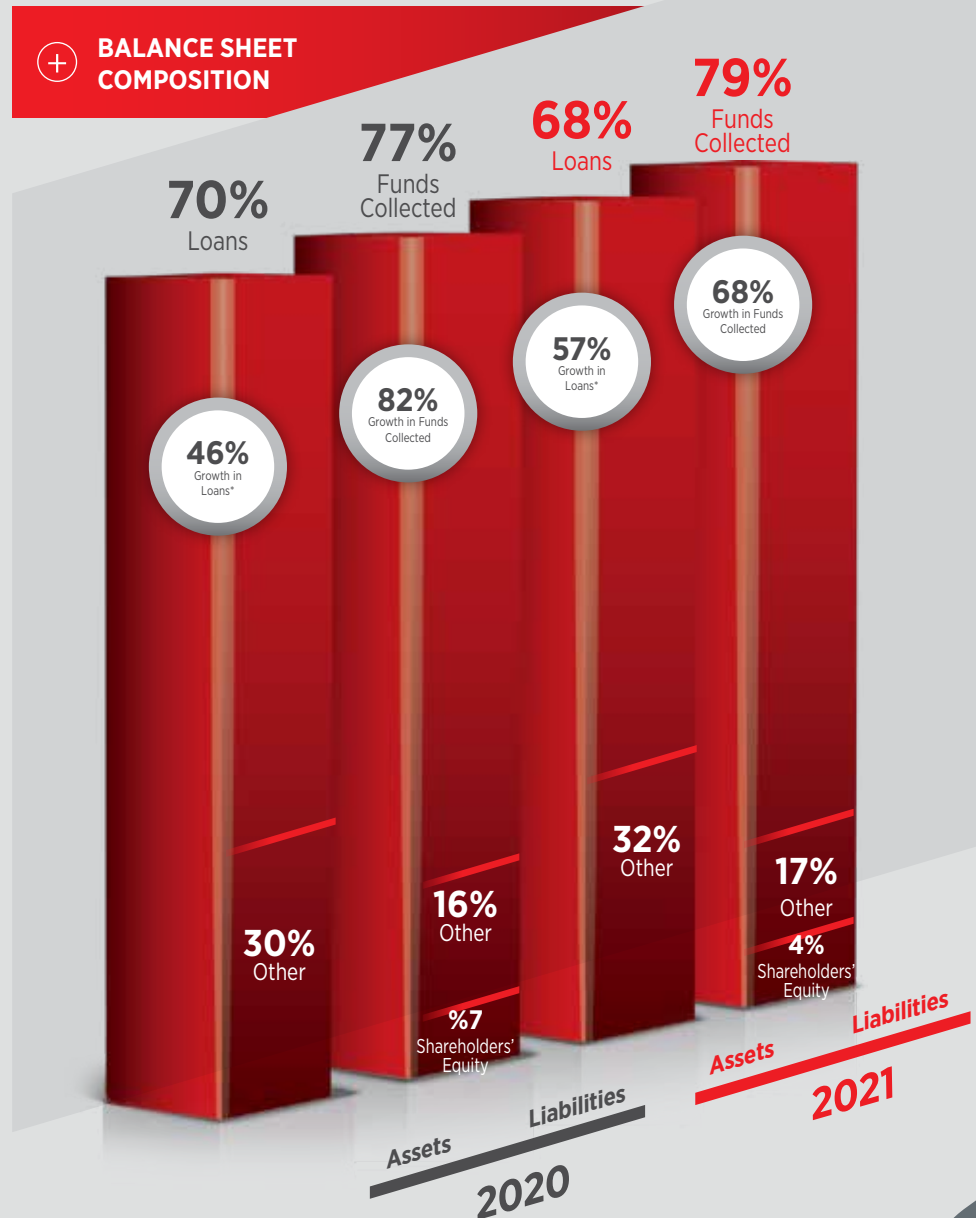
121
In 2021, the total number of branches reached 121 with the opening of 16 new branches in Turkey.

INTERNET BANKING

%38
In 2021, the number of customers using internet banking increased by 38% and reached 385 thousand people.

DIGITAL PRODUCTS

Products offered to customers through digital channels are being developed constantly.



AN ACHIEVEMENT CROWNED WITH FOUR AWARDS IN 2021



ZİRAAT PARTICIPATION RECEIVES TECHNOLOGY AWARD FOR SECOND TIME IN A ROW

In the TechBrands Turkey event, hosted by Nielsen Turkey and Pazarlamasyon, which selects Turkey's most technological brands, Ziraat Participation won the award of being "Turkey's Most Technological Participation Bank" in 2021, having already won the award in 2020.

GOLDEN AWARD FOR ZİRAAT PARTICIPATION FOR A THIRD TIME

The Social Media Awards Turkey 2021 event, organized in cooperation with BoomSonar and Marketing Turkey, rewarded brands, agencies, projects and people who left a mark on social media. Ziraat Participation was selected as "Turkey's Most Effective Participation Bank on Social Media", and received the golden award for the third time in a row.

BANK OF THE YEAR AWARD

The Stevie Awards is one of the world's most prestigious awards events which recognizes organizations, projects and work which is deemed to be successful at international standards. Within the scope of "Management Reporting Screens", Ziraat Participation was awarded as the Bank of the Year in the "Banking" category.

ALFA AWARDS - THE PARTICIPATION BANK PROVIDING THE BEST CUSTOMER EXPERIENCE

A questionnaire was conducted by the AKADEMETRE Research Company on behalf of Marketing Türkiye under three main criteria and 14 sub-criteria with 1,200 people face to face in 12 provinces in 2021. Based on the results of the questionnaire, Ziraat Participation was selected as the leading Customer Brand from the participation banking sector. The questionnaire found that the Bank's work and efforts, carried out during the year, offered its customers an impeccable experience which had gained appreciation from its consumers.

THIRD BATCH OF STUDENTS GRADUATE FROM THE ZİRAAT PARTICIPATION BANKING SCHOOL

The brand of the Ziraat Finance Group is nationally and internationally renowned and popular. Ziraat Participation brings young banking candidates into the banking sector through the education which it provides under the Ziraat Finance Group brand in line with participation banking principles. The school produced its third batch of graduates in 2021.

ZİRAAT FINANCE GROUP VISION 2022 MEETING HELD IN ANTALYA

The meeting was held for all participants of the Ziraat Finance Group. The Group's Goals and strategies for the upcoming period were discussed in the meeting. The CEO of Ziraat Bank, Alpaslan Çakar, along with senior managers, members of the Board of Directors of Ziraat Participation, the CEO of Ziraat Participation, Metin Özdemir, the deputy general managers, group presidents, heads of departments, general directorate service managers and branch managers participated in the Ziraat Finance Group Vision 2022 meeting.

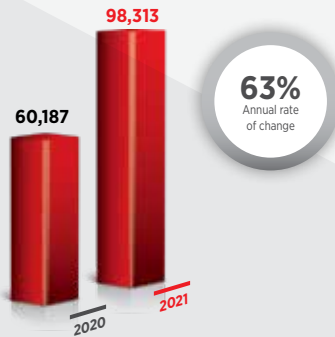
FINANCIAL INDICATORS



SUMMARY INDICATORS

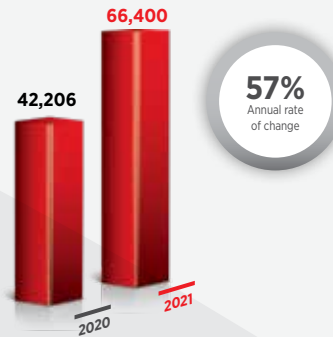
TOTAL ASSETS

(TL million)



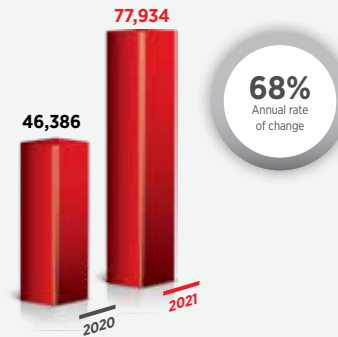
LOANS

(TL million)



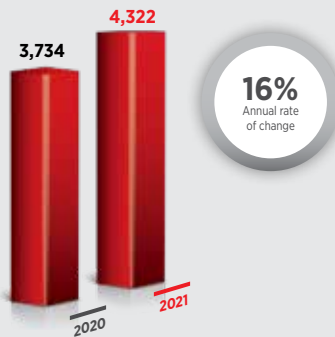
FUNDS COLLECTED

(TL million)



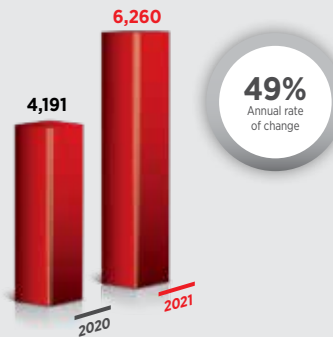
SHAREHOLDERS' EQUITY

(TL million)



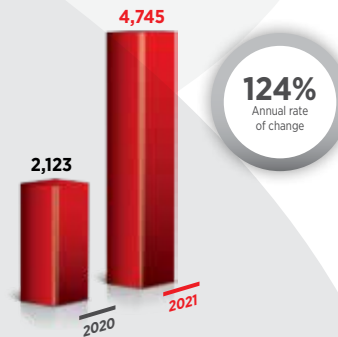
PROFIT SHARES INCOME

(TL million)



PROFIT SHARES EXPENSE

(TL million)



(TL million)	2020	2021	Change (%)
Total Assets	60,187	98,313	63
Liquid Assets and Banks	10,274	18,639	81
Securities Portfolio	6,896	11,702	70
Loans*	42,206	66,400	57
Funds Collected	46,386	77,934	68
Shareholders' Equity	3,734	4,322	16
Profit Shares Income	4,191	6,260	49
Profit Shares Expense	2,123	4,745	124
Profit Before Tax	792	730	(8)
Net Profit/Loss	639	559	(13)

*Expected Loss Provisions and Non-Performing Receivables are included.

SHAREHOLDING STRUCTURE



PARTNERSHIP INDICATORS

The main shareholder of Ziraat Katılım is Ziraat Bank.

31 December 2021		
Shareholder	Paid-in Capital (TL Thousand)	Share %
T.C. Ziraat Bankası A.Ş.	1,750,000	99.99999976
Türkiye Sigorta A.Ş.*	-	0.00000006
Türkiye Hayat ve Emeklilik A.Ş.*	-	0.00000006
Ziraat Teknoloji A.Ş.	-	0.00000006
Ziraat Yatırım Menkul Değerler A.Ş.	-	0.00000006
Total	1,750,000	100.00

The TL 1,750,000,000 paid-in capital of Ziraat Participation was fully provided by Undersecretariat of Treasury. Ziraat Participation's capital is divided into 1,750,000,000 shares, each valued at TL 1.00.

The Chairman and members of the Board, members of the Audit Committee, CEO and Assistant General Managers do not own shares.

CHANGES IN ARTICLES OF ASSOCIATION IN 2021

There were no changes in Articles of Association of the Bank in 2021.

MILESTONES IN THE HISTORY OF ZIRAAT PARTICIPATION

2015

- As the first publicly funded participation bank, the Bank began operations on 29 May 2015, in a grand opening with the participation of President Recep Tayyip Erdoğan.
- Ziraat Participation became the first participation bank to receive Participation Banking Activity Ratification Certificate approving compliance of the general framework of our operations with the Principles of Participation Banking.

2016

- Ziraat Participation proudly completed its first year, a full of firsts, with a net profit of TL 30.7 million.
- The first profit-loss sharing partnership was carried out in different sectors.
- The first Sukuk issuance was undertaken by establishing an Asset Leasing company.
- The first Murabaha Syndication took place.

2017

- Ziraat Participation continued to take firm steps on its way to reach its goals of sustainable profitability and efficiency and recorded a profit of TL 159 million.
- Ziraat Participation founded its second subsidiary ZKB Varlık Kiralama A.Ş.
- FILIKA (Limited Financing Card) has been offered to customers.
- Transition to TFRS 9 has been completed.
- A project financing transaction has been performed through “İstisna” product in the participation banking sector.
- Ziraat Participation has started the Gold Days.

2018

- Ziraat Participation rounded off the year 2018 with stable growth and wrote a net profit of TL 323 million.
- Ziraat Participation entered a cooperative agreement that represents a first for the banking sector and our country, with the “Joint Investments Model”.
- Ziraat Participation became the first participation bank to mediate in the issuance of the Gold Lease Certificate.
- The number of branches increased to 80 branches in 41 different cities.
- Agreements were signed for the establishment of the Ziraat Participation Sudan Branch.
- The necessary permits were obtained for the transfer of Ziraat Finansal Kiralama A.Ş. to Ziraat Participation.
- In accordance with the agreement made between all public banks including Ziraat Participation, the “free use of a Common ATM” system was implemented with the protocol signed.

2019

- Ziraat Participation continued its healthy growth in 2019 with its effective and efficient balance sheet management and completed the year with a net profit of TL 516.7 million.
- Ziraat Participation realized a Murabaha Syndication transaction at an amount of USD 250 million for the third time.
- Ziraat Finansal Kiralama A.Ş. was transferred to Ziraat Participation as of 1 March 2019.
- Subordinated loans were obtained from T.C. Ziraat Bankası A.Ş. and Turkey Wealth Fund.
- Virtual POS product was offered to customers.
- “Mobile Financing” option was launched to conduct financing transactions through Participation Mobile application.

2020

- Ziraat Participation reached an asset size of TL 60.2 billion in 2020.
- The Sudan Branch, first foreign branch, entered operation.
- Work on the new payment system, FAST (Instant and Continuous Transfer of Funds), has been completed. The system allows the Bank's customers to perform money transfers between their accounts in different banks 24 hours a day, 7 days a week.
- With its subsidiaries Ziraat Participation Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., Ziraat Participation realized approximately TL 12.6 billion in lease certificate issuances in TL terms in the local market.

2021

- Ziraat Participation's asset size reached TL 98.3 billion in 2021.
- A lease certification issue of TL 300 million was realized through public offering for the first time.
- A subordinated loan of TL 1 billion was obtained from the main shareholder T.C. Ziraat Bankası A.Ş.
- Ziraat Participation's new product, Eli Bol (Generous) account was offered to customers.
- Currency Protected TL Participation Account and Gold Conversion TL Participation Accounts were launched.
- Ziraat Participation obtained three separate lease certificate issuance approvals from Capital Market Board at amounts of TL 12 billion, TL 15 billion and TL 1 billion to realize TL-based lease certificate issuances in domestic market with its subsidiaries Ziraat Participation Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş.

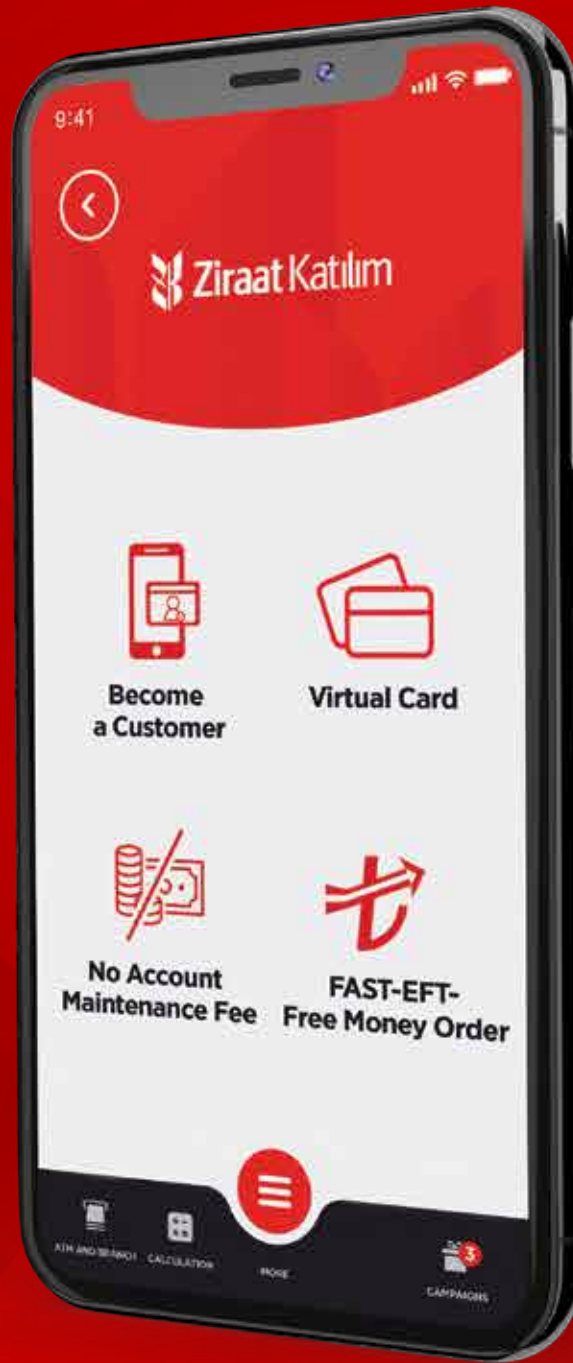
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CHAIRMAN'S ASSESSMENT

ALTHOUGH THE NEGATIVE EFFECTS OF COVID-19 ON SOCIAL LIFE EASED IN THE LAST QUARTER OF THIS YEAR, IT'S IMPACT ON THE GLOBAL ECONOMY CONTINUES.

The Covid-19 virus emerged in 2020 and later spread around the world. The negative effects of the Covid-19 pandemic on social life receded in the last quarter of the year; however, its effects on the global economy still continue. Problems experienced in the supply chain due to the pandemic have caused bottlenecks in the supply of many raw materials and intermediary goods. Prices of many commodities, especially oil, have risen significantly.

The Omicron variant, which emerged in the last quarter of the year, increased the transmissibility of the virus, but also reduced its intensity. This has raised expectations that the impact of the virus on human health will prove to be relatively limited with the emergence of new variants in the coming period.

The US economy was one of economies to be hit hardest by the pandemic last year. However, the US economy continued to recover during 2021 and the labor market rapidly improved. Noting the spike in inflation driven by both supply and demand, the FED changed course in its monetary policy and signaled that it would start increasing interest rates in the year ahead while winding down its bond purchase program. The Fed's announcement precipitated a rise in the US dollar against the currencies of developed and developing countries. Attention will focus on how the monetary policy to be implemented by the FED in the coming period will affect the US economy and, in particular, the economies of developing countries.

The Covid-19 pandemic has had a far-reaching impact on Europe. Although the European economy staged a recovery during the year, growth rates on the continent were sub-par. The European Central Bank (ECB) declared that spike in inflation would prove a temporary phenomenon. However, it also warned that if countries were late to take measures, the high course of inflation would pose a risk to the European economy. The problems experienced, especially due to supply chains, started to be keenly felt in industries such as automotive and energy and, in particular, the retail sector. The recovery of the European fell short of the recovery seen in the US economy, resulting in gains for the US dollar in the international market, while the single European currency, the Euro, saw losses against the US dollar during this process. European exporters, such as Germany, are expected to benefit from this situation.

The negative effects of the Covid-19 virus, which emerged in 2020, on the economy and social life in Turkey started to ease this year. Successful management of the vaccination process and sound organization of the healthcare system limited the fallout of the pandemic on our country.

During the second half of the year, the number of Covid-19 cases decreased in Turkey, while there was a gradual return to normality in economic and social life. The partial easing of restrictions on international flights also helped to reduce the negative effect of the pandemic on Turkey's tourism sector in the peak summer season.

THE WHEELS OF THE ECONOMY STARTED TO TURN MORE RAPIDLY WITH THE REMOVAL OF RESTRICTIONS DURING THE SECOND HALF 2021, WITH A SIGNIFICANT PERFORMANCE ACHIEVED, ESPECIALLY IN EXPORT GROWTH.

Alpaslan ÇAKAR
Chairman of the Board of Directors



Moreover, the wheels of the economy started to turn more rapidly with the removal of restrictions during the second half of the year, paving the way for significant export growth. Growth rates rapidly gained momentum with the contribution of base effect. Turkey is set to take its place as one of the three fastest growing countries in the G-20.

Ziraat Participation worked to the strategic priorities of disbursing the resources it obtains domestically and from abroad in a manner most beneficial to the Turkish economy, and contributing to the increase of the share of participation banking in Turkey's financial sector. The asset volume of the participation banking sector had increased by 64% YoY as of the end of 2021, outperforming the 51% growth in the asset volume of the overall banking sector in the same period. Our Bank's asset volume grew by 63% in the same period. In terms of profitability, the net profit for the period in the participation banking sector expanded by 53% YoY in 2021, comparing with the 57% increase observed in the banking sector as a whole over the same period. Meanwhile, the share of participation banking in the overall banking sector edged up from 7.15% at the end of 2020 to 7.78% at the end of 2021. The continuation of this positive performance achieved in participation banking will contribute to the deepening of the Turkish financial system and rendering it more resilient to risks.

Ziraat Participation is Turkey's first state-owned participation bank. Ziraat Participation continued its branching process in 2021 despite the pandemic, and is proud to have opened its 121st branch. Ziraat Participation aims to transfer the practice of state-owned participation banking to all residential areas with a high level of economic activity by accelerating its branch expansion in

the coming period. Our Bank continued to provide effective services by offering its customers the relevant products in line with their needs during the period, when economic activity gained pace compared to the previous year.

Since its establishment, our Bank has continued to work with dedication to contribute to participation banking, increase its support to the Turkish economy and generate more added value. Ziraat Participation will continue to work to contribute more to our economy in the coming periods.

On behalf of myself and our Board of Directors, I would like to thank our employees for their devoted performance in the challenging conditions in 2021, our customers for their confidence in our Bank, our business partners and correspondents who are always there for us.

AS OF THE END OF 2021, ZIRAAT PARTICIPATION HAD INCREASED ITS TOTAL ASSETS BY 63% YoY, REACHING A BALANCE SHEET SIZE OF TL 98.3 BILLION.

IN LINE WITH ITS VISION OF BEING A LEADING FINANCIAL INSTITUTION IN THE SECTOR, ZIRAAT PARTICIPATION MAINTAINED ITS RAPID GROWTH TO CLOSE THE YEAR 2021 WITH A HEALTHY GROWTH PERFORMANCE, WHICH IT ACHIEVED IN LINE WITH ITS GOALS OF PROFITABILITY AND EFFICIENCY.

Dear Stakeholders,

In line with its vision of being a leading financial institution in the sector, Ziraat Participation rounded off the year 2021 with a healthy growth performance, which it achieved in line with its goals of profitability and efficiency, continuing its rapid growth.

As of the end of 2021, Ziraat Participation had achieved a 63% expansion in its total assets when compared to the end of 2020, with its balance sheet expanding to reach TL 98.3 billion. Ziraat Participation ended 2021 with a profit of TL 559 million, thanks to its approach to service which prioritizes customer satisfaction and the successful execution of its business cycle structured with a focus on efficiency.

Our support to real sector goes from strength to strength

Ziraat Participation responds to its customers' needs and expectations by offering the most correct solutions and value propositions through the most accurate channel. The Bank maintains its operations in line with its vision of being an effective participation finance institution in its region as well as in international markets.

Ziraat Participation continued to support the financing of the real sector, especially SMEs, in 2021. The volume of cash funds disbursed by Ziraat Participation during 2021 increased by 58% compared to the end of the previous year, to reach TL 66.4 billion. On the other hand, non-cash funds grew by 86% to reach TL 29.6 billion. Backed by its successful and effective funding activities, Ziraat Participation's total support to the Turkish economy reached TL 96 billion.

The volume collected funds increased by 68% YoY in 2021 to reach TL 78 billion.

**IN LINE WITH OUR
STRATEGIES OF
SUSTAINABLE GROWTH
AND A FOCUS ON THE
CUSTOMER, WE CONTINUED
TO ACHIEVE GROWTH IN
FUNDS DISBURSED IN 2021.**

Metin ÖZDEMİR
CEO



Attaching the highest importance on maintaining asset quality

Ziraat Participation adopted a growth strategy focused on maintaining and improving asset quality. The Bank's allocation and fund disbursement processes and its early warning and risk monitoring infrastructure under continuous improvement accordingly.

In line with our strategies of sustainable growth and focusing on the customer, the volume of funds disbursed continued to grow rapidly in 2021. In this period when risk management policies have been executed uncompromisingly, the Bank's NPL ratio remained significantly lower than the sector average, at just 2.5%. In 2021, Ziraat Participation's capital adequacy ratio stood at 14.02%.

TL 36.9 billion in lease certificate issuances

Ziraat Participation successfully performed 28 lease certificate issuances in 2021, with a total amount of TL 11.6 billion. Ziraat Participation plays an active role in the capital markets as part of its strategy of enriching its resource structure. Ziraat Participation obtained approval from the Capital Markets Board for lease certificate ceilings of TL 1 billion, TL 12 billion and TL 15 billion in order to issue lease certificates in Turkish lira in the local market with its subsidiaries Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş. Since the date of its foundation until the end of 2021, our Bank has issued lease certificates of TL 36.9 billion in batches with different compositions within this framework.

"Eli Bol Account", the latest addition to our range of deposit products

Ziraat Participation successfully continued its efforts to diversify the range of products which it offers its customers. The Eli Bol Account, which was designed in this context, was offered to our customers through our branches on 10 December 2021.

The Ziraat Participation Eli Bol Account is a type of account where two products are offered together. A part of the investment amount in the private current account opened on behalf of a customer is utilized in the

participation account, which is based on profit/loss partnership agreement opened on behalf of a customer by the Bank. The other part is profited in the transactions of selling lease certificates by the Bank with the promise of repurchase, and purchasing the lease certificates by the customer with the promise of resale.

Products contributing to the value of the Turkish currency

Ziraat Participation started to offer the Currency Protected TL Participation Account product to its customers from 23 December 2021. In addition, our customers with gold funds may benefit from the Gold Conversion TL Participation Account by converting gold to TL upon request. Our Bank may open a Currency Protected TL Participation Account for our customers who hold funds denominated in the US dollar, Euro and British pound in their branches by converting their foreign currency to TL.

With these new products, our customers will not only be able to keep their funds in the TL accounts without being affected

GENEL MÜDÜR'ÜN DEĞERLENDİRMESİ

by exchange rate movements, but will also play an important role in protecting the value of the Turkish currency.

The Breath 2021 Support Finance

Protocols were signed between the Credit Guarantee Fund (KGF) and Ziraat Participation within the scope of support packages aimed at reducing the negative impact of the pandemic on businesses and to support investment. The support packages were made available to the beneficiaries. On the other hand, the Breath 2021 Support Finance protocol was implemented jointly with the Turkish Chambers and Exchanges Association (TOBB) and the KGF. The protocol aims to provide financing and surety specific to the SMEs at affordable conditions, and also to continue to contribute to the Turkish economy by increasing production and employment.

Contribution to employment with the Additional Employment Support Package

The Ministry of Treasury and Finance, the KGF, the SSI, İŞKUR (the Turkish Employment Agency) and Ziraat Participation signed a protocol which was aimed at meeting the financing needs of SMEs and non-SME businesses at affordable conditions and to provide them profit support. The condition for this support was that the SMEs and non-SMEs should commit to provide additional employment by reducing the negative effects of the pandemic on cash flows and maintaining the employment which they had created within this scope. In this context, within the framework of the Treasury Backed Surety System, the KGF guaranteed "Additional Employment Support Package" was prepared and rolled out to customers.

Support for manufacturing sector with the Manufacturing Based Import Substitution Support Package

In order to finance investments which will boost the production and employment capacities of businesses holding investment incentive certificates for manufacturing industry investments by reducing the negative effect of the pandemic on industry, the KGF-guaranteed "Manufacturing Based Import Substitution Support Package" was prepared within the framework of the Treasury Backed Surety System in 2021.

Finance support for regions affected by floods

Protocols were signed between KOSGEB and the Bank in order to reduce the effect of the negative situation experienced in areas affected by natural disasters on businesses and to encourage investments in domestic production. Support packages were made available to the beneficiaries.

The Bank included in the "Artvin, Düzce and Rize Provinces Emergency Support Financing" program announced by KOSGEB. The purpose of this program is to provide financial support at affordable conditions to businesses affected by the floods in the Düzce, Rize and Artvin provinces in July 2021 and which operate in the sectors supported by KOSGEB.

The businesses were affected by the floods which hit the Western and Central Black Sea regions and in various districts of Van in Turkey in August 2021. In order to provide financial support to these businesses at affordable conditions, KOSGEB and our

Bank signed the "Emergency Support Financing Protocol for the Provinces of the Western and Central Black Sea Region and the Districts affected by floods in the Van Province".

For a life in safer houses

The Ministry of Environment and Urbanization and our Bank signed a protocol on Dividend Support within the scope of the "Law on Transformation of Areas under Disaster Risk" No. 6306. The "Urban Transformation Financing" products, which were prepared for the purpose of construction, reinforcement or acquisition, were made available to enable the beneficiaries live in safer houses.

Forward Export Financing product to promote exports

We offered our new financing product, "Forward Export Financing", to customers who are exporters. This product enables exporters who are customers with us, and who receive their payments through a forward letter of credit, to collect their receivables from our bank in advance without waiting for the maturity of the letter of credit. In this way, we support our exporters to expand their competition opportunities in international markets by increasing their forward sales opportunities, to clear their receivables from commercial and political risks, to open up to new and target markets, and to access to post shipment financing opportunities.

Our information systems value proposition is even stronger

Under our information systems activities, with FAST, it is possible to transfer money to an account in a different bank with an IBAN or an easy address.

As part of the transition to open source systems, the transition to the Pardus operating system was completed for all branches.

Ziraat Participation became the first participation bank to offer services to customers in social housing projects, thanks to its integration with TOKİ. With the establishment of the dematerialized gold transfer system, it was also possible to transfer gold instantly.

Our customers, who have foreign currency risk in their follow-up accounts, were given the opportunity to restructure their entire debt in Turkish lira in order to facilitate payments and not be affected by exchange rate losses.

The “Personal Basic Needs Support Loan” structuring process was offered to the customers via Internet Banking.

The Forward Export Financing Project was completed and thereby, the product range, which is offered to the customers, was increased. The distance customer acquisition project was completed and the technological infrastructure was established for persons to become a customer without coming to the branch.

Important new applications in digital banking

With the completion of the Digital Document Approval infrastructure, customers could approve one or more documents through the Internet Branch and Participation Mobile without needing to visit Ziraat Participation branches.

Insurance Transactions were made available to customers through digital channels. Work was taken to allow transactions such as receiving and tracking

bids and monitoring policies to be performed. In the first instance, the Compulsory Earthquake Insurance (DASK), Compulsory Traffic Insurance and Motor Vehicle Insurance transactions were brought into use.

Our member businesses can view their bank statements by clicking on the member business transactions tab in the Internet Branch and on Participation Mobile

The Digital Order Transactions feature allows our customers to send their orders through Participation Mobile without having to go to our branches. These transactions generally involve digital EFT Orders and Foreign Trade Transaction Orders. In the coming periods, we will continue to work to ensure that other instructions are performed via Participation Mobile.

As of 1 May 2021, the Central Banking Branch started to open accounts via video calls. Participation Mobile was renewed in terms of design and experience in order to offer a digital customer experience in the best way possible, and was offered to our customers. Our Bank aims to successfully continue its technology-based investments in digital channels in 2022.

Human resources which strengthen with new entrants

Ziraat Participation has developed its most valuable asset, its human resources, with new participants.

334 new colleagues joined us in line with the needs of the branches and head office units in the Bank's rapidly growing organizational structure. As of the end of 2021, Ziraat Participation employed a total of 1,529 people.

The Ziraat Participation branch network added 16 new branches its organization in 2021, taking the total number of branches up to 121.

We would like to thank all of those who contributed to our success in 2021

In 2022, we will continue to work with dedication to increase our contribution to the real economy. Our deep-rooted corporate culture, our values and the ethical principles which we adhere to will provide us with the energy we need on our path towards this goal.

We resolutely maintain the work on our projects by adhering to our mission of bringing participation banking to the masses. Our ultimate goal is to generate value for the Turkish economy at an increasing rate, to support sustainable development and the welfare and future of our people in a multifaceted manner.

We know that we have high goals. Our stakeholders' contribution and unwavering support is extremely important in our determination to reach these goals.

On behalf of myself and the management team at Ziraat Participation, I would like to thank everyone who has contributed to our performance in 2021.

Respectfully,

Metin ÖZDEMİR
CEO



EASY ADDRESS SYSTEM

INSTANT TRANSFER (FAST) WITH EASY ADDRESS IS MUCH EASIER AT ZİRAAT KATILIM

The Easy Addressing System is operated by the Interbank Card Center and is owned and managed by the Central Bank of Türkiye.



**Customer
Communication
Center**

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MACROECONOMIC OUTLOOK

THE EFFECTS OF THE COVID-19 VIRUS ON THE GLOBAL ECONOMY, THE VACCINATION ROLLOUT, EXPANSIONARY MONETARY POLICIES UNDERTAKEN BY CENTRAL BANKS AND GOVERNMENTS' INCENTIVE PACKAGES PLAYED AN IMPORTANT ROLE IN SHAPING THE GLOBAL ECONOMY IN 2021.

The World Economy

The effects of the Covid-19 pandemic on the global economy, the vaccination rollout, the expansionary monetary policies pursued by central banks and the incentive packages offered by governments played an important role in shaping the global economy in 2021.

Despite a rise in the number of cases with the spread of the Omicron variant, following on from the delta variant, the negative effects of the pandemic eased during the year. The recovery in the global economy continued, with economies posting substantial economic on the back of the base effect. Due to rising commodity prices with the increase in demand, problems experienced in the supply chain and supply bottlenecks, inflation edged up to the highest levels seen in recent years.

Against this backdrop, the central banks of developed countries started to signal that they would end their expansionary monetary policy and begin to implement a tightening monetary policy in the coming period. While the current high levels inflation all over the world are expected to prove a temporary phenomenon, inflation rates remain stubbornly high compared to the averages of previous years, continuing to stoke worries over the current course of inflation.

The US economy, which had been hit hard by the pandemic in 2020, continued to recover in 2021, with a significant rebound in growth.

The US Federal Reserve (FED) left its policy rate on hold last year, stating that the supply and demand imbalances caused by the reopening of the economy had led to high inflation. In this context, the FED decided to wind down its bond purchase program in March 2022, having implemented the program in a bid to ease the negative effects of the pandemic on the economy. It also signaled that it will implement a tightening in monetary policy by increasing interest rates in the next year. Rates of unemployment in the US maintained their downward trend since the beginning of the year on the back of recovery in the economy. However, rates of unemployment still remain above their pre-pandemic levels. All eyes will now be on the monetary policy to be implemented by the FED in the coming period, and how it will affect the global economy.

The European economy, which had also been adversely affected by the Covid-19 pandemic, staged a partial recovery in the third quarter of the year in parallel with the recovery in the global economy. However, this was followed by a slowdown in growth in the final quarter of the year, triggered by the spread of the Omicron variant. While employment and income losses continued to be seen throughout the year, many service sectors recorded a slowdown, especially tourism. Despite some variations in employment and inflation, the European Central Bank (ECB) maintained its supportive monetary policy.

However, the ECB stated that Pandemic Emergency Purchase Program (PEPP) would be calibrated to a slower pace than in the previous quarter due to the high course of inflation. It stated that net asset purchases within the framework of the PEPP would be wound down in March. Despite some positive movement in the Euro Zone's PMI data, on the other hand, a slight decrease was observed in the industrial production. In conclusion, although the macroeconomic indicators are still negative when compared to the pre-pandemic period, expectations for the future remain optimistic.

The Covid-19 pandemic continued to impact the economies of developing countries in 2021. The rapid rise in commodity prices has had a catalytic effect on the growth figures of commodity exporters. However, especially after the second half of the year, the high course in commodity prices and the continuation of supply issues sparked a rise in inflation in the economies of developing countries. The surge in energy prices has also had a significant impact on the increase in producer prices.

Central banks of developing countries increased their interest rates, and thus, they tried to balance the rate of increase of inflation. Developing countries will closely monitor the monetary policies to be implemented by the Central banks of developed countries throughout the coming year.

The Turkish Economy

The Covid-19 virus, with spread in 2020, continued to affect our country socially and economically this year. However, the success of the Ministry of Health and Turkish government in managing the pandemic ensured that the pandemic was brought under control in a short time. The process of normalization in social life continued with the measures taken and economic activity swiftly returned to its pre-pandemic levels.

Supported by the acceleration in the vaccination rollout, expectations regarding the Turkish economy remained upbeat. Positive expectations regarding the Turkish economy started to take hold in the financial markets. Despite a rise in energy prices and prices of manufacturing industry inputs, industrial production posted a significant increase on the back of stronger demand in the last quarter of the year. Employment figures sustained the improvement seen from the beginning of the year.

In the last quarter of the year, rising costs across the globe gave rise to a worsening in inflation expectations and pricing behavior. However, the institutions managing

our economy followed a comprehensive policy process in order to keep the risks and expectations regarding inflation under control, and to support the Turkish Lira. Moreover, with the newly issued deposit products, necessary measures were taken to address the effects of the developments occurring in the exchange rate on inflation.

Economic growth is expected to continue in the coming period, with the recent rise in inflation expected to subside again. In addition, the process of improvement in the current account balance is set to continue thanks to the competitive TL exchange rate, paving the way for the generation of a current account surplus in 2022.

RIISING COSTS ACROSS THE GLOBE LED TO DETERIORATION IN INFLATION EXPECTATIONS AND PRICING BEHAVIOR IN THE LAST QUARTER OF 2021.

EVALUATION OF 2021: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

WITH THE NEW PRODUCTS AND SERVICES THAT WILL CONTRIBUTE TO THE DEVELOPMENT OF PARTICIPATION BANKING, ZIRAAT PARTICIPATION PROVIDES THE MOST APPROPRIATE SOURCE OF FINANCING FOR ITS STAKEHOLDERS AND ENHANCES ITS SERVICE QUALITY DAY BY DAY.

SUPPORTING STAKEHOLDERS AND TURKISH ECONOMY

In order to meet the financial needs of its customers through the right channels at the right time and with the right value proposition, Ziraat Participation has ensured product, service and distribution channel diversity in line with participation banking principles. The Bank has continued to be the reliable solution partner of its customers in corporate and retail banking business lines by increasing service quality.

IN 2021 ZIRAAT PARTICIPATION SUSTAINED ITS STRONG FINANCIAL AND OPERATIONAL PERFORMANCE AND REALIZED A PROFIT OF TL 559 MILLION.

STRONG FINANCIAL AND OPERATIONAL PERFORMANCE ZIRAAT PARTICIPATION

Ziraat Participation provided products, services and diversity of channels which are in compliance with participation banking principles in order to meet the financial needs of its customers through the correct channel, at the right time and with the appropriate value proposition. The Bank continued to be the strong solution partner of its customers with an ever increasing quality of service in corporate and retail banking business lines.

Ziraat Participation maintained its strong financial and operational performance in 2021, generating a profit of TL 559 million.

Ziraat Participation is determined to continue to increase the support it provides in financing to the real sector and its contributions to economic growth in the future, in line with Turkey's 2023 targets.

PRODUCT DEVELOPMENT AND MANAGEMENT

Providing the most appropriate solutions and value propositions for the needs and expectations of its individual and corporate customers through the most appropriate channels, Ziraat Participation continues to increase its product variety.

In 2021, Ziraat Participation took measures against potential setbacks the pandemic period might have on economic activities and continued to offer its support products for its corporate customers which are negatively

impacted from the pandemic so they can sustain their economic activities and finance their financial needs in favorable terms.

Ziraat Participation plays an important role in protecting the value of Turkish Lira by offering Currency protected TL Participation Account and Gold Conversion TL Participation Account products to its customers who have their savings in Turkish Lira or Gold

Support for those who were negatively affected from the pandemic in collaboration with KGF

Protocols were signed between Credit Guarantee Fund (KGF) and Ziraat Participation within the scope of support packages to reduce the unfavorable impact of pandemic conditions on businesses and to support investments:



Ziraat Participation has stepped up its work to integrate alternative distribution channels **into its banking products and service delivery process.**

Ziraat Participation provides SMEs financing and guarantee support with favorable terms.

“Breath 2021 Support Financing”

Ziraat Participation signed the “Breath 2021 Support Financing” protocol with Union of Chambers and Commodity Exchanges of Turkey (TOBB) and KGF to provide financing and guarantee support with favorable terms for SMEs and to sustain its contribution to Turkish economy by increasing employment.

“Additional Employment Support Package”

For SMEs and non-SME businesses who commit to provide employment and to keep those who are employed within this scope by reducing the negative impact of the pandemic on cash flows, a protocol was signed between the Ministry of Treasury and Finance, KGF, Social Security Institution (SGK), Turkish Employment Agency (İŞKUR) and Ziraat Participation with the purposes of meeting their financing needs at favorable terms and providing income support. In this context, “Additional

Employment Support Package” was prepared within the framework of Treasury-backed Guarantee System with the guarantee of KGF.

“Production Based Import Substitution Package”

Another package during this period was the KGF guaranteed “Production Based Import Substitution Package”, provided for businesses which have investment incentive certificates that are given to increase industrial investments, with the purpose of financing investments which will reduce negative impacts of the pandemic on manufacturing industry and increase production and employment capacities.

“KGF Support Credit 2”

“KGF Support Credit 2” protocol was signed to support SMEs access to finance within the scope of the protocol between KGF and Ziraat Participation for KGF equity guarantee.



“2021 Forest Fires Emergency Support Financing Protocol” was signed between KOSGEB and Ziraat Participation to provide financial support with favorable terms for companies affected by the forest fires in 2021.

Support for natural disaster sufferers in collaboration with KOSGEB

Protocols between Small and Medium-sized Enterprises Development Organization (KOSGEB) and Ziraat Participation was signed for reducing the impacts of negative conditions on companies at natural disaster regions and for encouraging investments for domestic production:

“Artvin, Düzce and Rize Provinces Emergency Support Finance”

The Bank participated in the “Artvin, Düzce and Rize Provinces Emergency Support Finance” program announced by KOSGEB to provide financial support with favorable terms for companies which were affected by the flood disaster in Düzce on 6 July 2021, in Rize and Artvin on 22 July 2021 that are in sectors supported by KOSGEB.

“2021 Forest Fires Emergency Support Financing Protocol”

“2021 Forest Fires Emergency Support Financing Protocol” was signed between KOSGEB and Ziraat Participation to provide financial support with favorable terms for companies affected by the forest fires in 2021.

THE KGF GUARANTEED “PRODUCTION BASED IMPORT SUBSTITUTION PACKAGE”, WAS PROVIDED TO BE USED TO FINANCE MANUFACTURING INDUSTRY INVESTMENTS.

Gentrification Finance products were offered to citizens.

“Western and Middle Black Sea Region Provinces and Towns of Van Province Affected by Flood Emergency Support Financing Protocol”

“Western and Middle Black Sea Region Provinces and Towns of Van Province Affected by Flood Emergency Support Financing Protocol” was signed between KOSGEB and Ziraat Participation to provide financial support with favorable terms for companies affected by the flood disasters in Western and Middle Black Sea Region between 9-11 August 2021 and in various towns of Van between 31 July-2 August 2021.

“Vegetable and Fruit Cold Chain Financial Leasing Support Program Protocol”

“Vegetable and Fruit Cold Chain Financial Leasing Support Program Protocol” was signed between KOSGEB and Ziraat Participation within the scope of KOSGEB Vegetable and Fruit Cold Chain Financial Leasing Support Program to provide support for a certain part of profit through financial lease of domestic products and new cooling units and/or refrigerating cases/units.

Support for gentrification in collaboration with Ministry of Environment and Urbanization

A Profit Sharing Support protocol was signed between Ministry of Environment and Urbanization and Ziraat Participation within the scope of Law No: 6306 on Gentrification of Areas under the Risk of Disaster. Accordingly, Gentrification Finance products were prepared and offered to provide safer houses for eligible people based on their needs (construction, reinforcement, acquisition).

Support for Exporters

A new financing product “Deferred Export Financing” was offered for exporter customers collecting their payments using deferred letter of credit which allow them to collect their receivables in advance from Ziraat Participation without waiting for their due dates.

Thus, exporters were supported to increase their chances of competition in international markets, to expand their businesses in new and targeted markets by reducing commercial and political risks and to access financing after delivery.

Ziraat Participation will continue its activities to facilitate its customers' access to financing and to have them use it under favorable terms.

Digital channel investments accelerated.

Ziraat Participation's development activities in payment systems continued without interruption. Pandemic period not only accelerated the digital transformation in payment systems but also affected shopping habits of people, which companies were trying to change in years. In 2021, installment deferral services offered to corporate and retail customers were carried to digital channel. In order to comply with these changes, Ziraat Participation accelerated its investments and activities to provide its products and services from digital channels.

Ziraat Participation continued product and application developments of Bankkart, which is the first credit card product which the Bank offered in 2020. Application channels were increased for credit card customers and during the pandemic period, they were

provided the opportunity to apply easily and rapidly without the need to visit the branch.

In 2021, card and member merchant volume of Ziraat Participation showed a significant acceleration.

- Number of debit cards of Ziraat Participation increased by 30% compared with prior year, debit card revenue increased by 72% to reach TL 1.9 billion.
- Share of Ziraat Participation debit cards in participation banks increased by 2% in terms of number of cards and revenues.

- Active usage of Ziraat Participation bank cards increased by 2 points compared to 2020 among all banks. With a usage rate of 41%, it kept its position in the first 5 banks.
- Member merchant network of Ziraat Participation continued to grow, number of POS and POS registers increased by 67% compared to prior year, POS revenue increased by 99%.

Ziraat Participation increased its payment systems market share in 2021 within the scope of its customer-focused strategy. The Bank will continue to carry on its activities to provide innovative products and services for its customers in the following period.

IN 2021 ZIRAAT PARTICIPATION SUSTAINED ITS STRONG FINANCIAL AND OPERATIONAL PERFORMANCE AND REALIZED A PROFIT OF TL 559 MILLION.



Individual Pension (BES) product for those under the age of 18 was integrated to Participation Insurance Platform and offered to customers.

WITHIN THE SCOPE OF DIGITALIZATION OF ZIRAAT PARTICIPATION'S INDIVIDUAL PENSION PRODUCT, CONTRACT PROCESS WITHOUT OBTAINING A DOCUMENT AT BRANCHES STARTED.



Facilities provided by digitalization in insurance products

In 2021, sales of DASK (Catastrophe Insurance Pool), traffic and comprehensive car insurance products from internet and mobile branch started.

Within the scope of digitalization of Ziraat Participation's individual pension product, contract process without obtaining a document at branches started.

Automatic guarantee renewal was provided for assets subject to guarantee after insurance renewal and operational work load of branches decreased.

Individual Pension (BES) product for those under the age of 18 was integrated to Participation Insurance Platform and offered to customers.

Ziraat Participation product range expanded with Eli Bol (Generous) Account.

Ziraat Participation's new product Eli Bol (Generous) Account which was developed with the purpose of diversifying the Bank's product range was launched on 10 December 2021 through the branch channels.

Ziraat Participation's new product Eli Bol (Generous) Account is an account type where two products are offered at the same time. A portion of the customer's investment at his/her personal checking account is invested in a profit/loss participation account and another portion through a transaction where the Bank sells lease certificates with a promise to re-purchase and the customer purchases these lease certificates from the Bank with a promise to sell.

Currency Protected and Gold Conversion TL Participation Accounts were offered to customers.

Starting with 23 December 2021, Ziraat Participation has been offering Currency Protected TL Participation Account at the branches to real individuals that are residents of Turkey and who want to invest their Turkish Lira savings while protecting their value against risks of potential currency increases. Moreover, customers who have gold funds can convert their gold into TL at the Central Bank's rate and keep their investments at Gold Conversion TL Participation Accounts.

DIGITAL BANKING

Ziraat Participation provides alternative distribution channels based on tendencies of its customer profile in a wide range of transactions and service diversity.

In 2021, the Bank continued to develop new products and services in alternative distribution channels, which provide considerable benefit in reaching wider customer masses in numerical terms.

- A safer trade of used cars was provided for individuals who need a more secure payment infrastructure. With this system, cash exchange between the seller and purchaser and transactions at the notary occur simultaneously to prevent risks such as fraud or carrying cash.
- SWIFT GPI (Global Payments Innovations) was offered at Ziraat Participation Internet branch and Mobile application which allows customers to monitor the status of foreign currency transfers, intermediary bank information, date and time of transactions easily and step by step.
- Accounting payment capability was provided through the Bank's digital channels.
- Insurance transactions were opened to customers at the Bank's digital channels which allow customers to obtain and track proposals and monitor their policies. In this context, mandatory earthquake insurance (DASK), mandatory traffic insurance and comprehensive car insurance transactions were first opened for use.
- Contracted merchants of the Bank can view their account statements under the contracted merchant menu at Ziraat Participation Internet Branch and Mobile channel.
- Customers were given the opportunity to perform their transactions more rapidly and easily through FAST transfers with QR code.
- With Digital Order Transactions feature, customers are able to send their orders through Participation Mobile without the need to visit the branches. In this context, Digital EFT Orders and Foreign Trade Transaction Orders were prioritized. Activities are carried on to include other transactions in this system in the following periods.
- Customers are given the opportunity to conduct their silver transactions through Ziraat Participation digital channels.
- Customers are given the opportunity to approve various documents via Ziraat Participation Internet Branch and Participation Mobile channels under the Bank's Digital Document Approval infrastructure without the need to visit the branches.
- With the new application established at Ziraat Participation Internet Branch and Participation Mobile channels, customers can apply for Bankkart credit card and Bankkart limit increases without visiting the branches.
- Within the scope of Open Banking projects, number of contracted firms which customers can make payments to e-commerce sites from their accounts (Company) were increased.
- Additionally, within the scope of Open Banking, Payment Order Start and Account Information services project activities continue, which were started by the Central Bank of Turkey.
- Ortam ATM Project (TAM ATM) activities conducted by public banks continue. Within the scope of this project, installation of ATMs are realized and put into use of customers within the framework of the project plan.
- Studies are carried on to use biometric verification methods for remote customer applications, which are used more frequently in banking as a result of technological developments.
- Leasing pre-applications can be made from Ziraat Participation internet branch.
- Participation Mobile's was renewed in terms of design and experience to offer the best digital customer experience and it was offered to customers.
- Infrastructural improvements were made to enable video conferencing between customers and customer representatives for transactions to be realized remotely instead of their performance in branches.
- Self-service transaction variety was increased which customers can complete transactions via interactive voice response system through 0850 220 5000 without being connected to a customer representative.

Central Banking Branch started to provide services in English and sign language in 2021.



ARABIC TRANSLATION SUPPORT WAS PROVIDED AT ZIRAAT PARTICIPATION BRANCHES IN ORDER TO PROVIDE SECURE AND HIGH QUALITY COMMUNICATION WITH ARABIC SPEAKING CUSTOMERS ON WEEKDAYS BETWEEN 9:00 AND 18:00.

- Infrastructural works were completed for faster solution of requests and complaints from customers via artificial intelligence support which directs them automatically to the related business unit or presents a solution directly to the customer.
- Arabic translation support was provided by Customer Call Center representatives for Ziraat Participation branches in order to provide secure and high quality communication with Arabic speaking customers on weekdays between 09:00 and 18:00.

Central Banking Branch in 2021

- Central Banking Branch started to provide services in English and sign language in 2021. At the branch services are provided in a total of 4 languages, including Turkish and Arabic. Other branches also started to receive Arabic language support in case they need, from the Central Banking Branch by calling 8094.
- Central Banking Branch started to open accounts via video conferencing starting from 1 May 2021.
- The branch realized 15,222 new customer acquisitions in 2021 and total number of customers reached 55,037. Among the newly acquired customers, 9,040 were acquired via video conferencing (60%).
- 98% of the 52,089 voice calls received at the Central Banking Branch were responded by the customer representatives. Service level was realized as 91%.

- 88% of the 22,300 video calls received at the branch were responded by the customer representatives. Calls which could not be answered were called back and guidance needed was provided.
- Central Banking Branch conducted sales and marketing activities under 9 main topics via SMS, mail and outside calls. During those activities, 51,216 calls were made, 327,292 SMS and 227, 108 mails were sent. As a result of those activities the active customer ratio increased by 29%. Total balance increased by 42%, ATM cards by 23% and number of mobile users increased by 8%.

Ziraat Participation aims to successfully continue its technological investments in digital channels in 2022.

TREASURY MANAGEMENT AND INTERNATIONAL BANKING

In line with the real sector and foreign trade financing strategy...

Ziraat Participation expanded its asset size by 63% in 2021, while pursuing a strategy to finance majorly the real sector and foreign trade.

Ziraat Participation pressed ahead with its resource diversification in asset liability management with the main resource being participation funds, and it established a liability base of the balance sheet taking into consideration optimum cost and term.

Ziraat Participation has effectively deployed interbank borrowing and financing products to fulfill the required reserve liability and to meet its liquidity needs in line with the principles of participation banking, and to assess the surplus and fulfillment of reserve requirements.

Correspondent Relations

Ziraat Participation has correspondent relationships with many banks and financial institutions

Since its inception, Ziraat Participation established SWIFT correspondent relations with many banks by completing regulatory compliance process and responded to the demands in foreign trade area rapidly. In 2021, the Bank reached 44

different correspondent account in 20 different currencies and signed wakala/murabaha agreements with various banks.

Ziraat Participation plays an active role in the capital markets as a part of its strategy to enrich the resource structure. The Bank obtained issuance approval with ceilings of TL 12 billion, TL 15 billion and TL 1 billion from the Capital Markets Board to issue three TL denominated lease certificates in the local market with its affiliates, Ziraat Participation Varlık Kiralama and ZKB Varlık Kiralama. Within this framework, issuances were made with a total of nearly TL 11.4 billion.

In 2021, Ziraat Participation continued to provide long term resources from the World Bank and various other development banks, for financing SMEs and foreign trade financing and to maintain its financing support for SMEs and the real sector.

Ziraat Participation aims to complete the following steps in 2022:

- Significantly increase the number of correspondent banks and the level of foreign trade volume,
- Use a murabaha syndicated loan with the participation of international banks,
- Continue issuing lease certificates in the domestic markets,
- Add depth to the capital markets by carrying out corporate lease certificate issuances in favor of third parties other than Ziraat Participation,

- Provide increasing support to the real sector by maintaining a supply of resources from international institutions for the financing of SMEs and foreign trade,
- Mediate new transactions within the scope of country loans.

Foreign Branch Banking

Ziraat Participation is shaping its Foreign Banking activities in accordance with its international banking strategy and vision.

In this context, the Bank conducts its Foreign Banking activities successfully with the following objectives:

- Providing fast, modern and high quality services to all customers in regions where it operates / will operate in addition to entrepreneurs and companies of our country
- Increasing its share from the foreign trade between Turkey and those countries, playing an important role in international trade financing
- Maintaining the sustainable profitability of foreign branches with healthy and productive balance sheet structure
- Creating an effective synergy coordinated with the mission and vision of Turkey's foreign operations and within the framework of Ziraat Finance Group's main approach.

EVALUATION OF 2021: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

THE SECTOR REPORT PROJECT WAS LAUNCHED WHICH ALLOWS SYSTEMATIC ACCESS AND ANALYSIS OF CURRENT AND PAST FINANCIALS OF THE BANKS IN PARTICIPATION BANKING SECTOR.

FINANCIAL MANAGEMENT

Within the scope of Budgeting and Analytical Balance Sheet activities, web-based Management Reporting System was strengthened with the new reports formed in 2021.

Improvements were made in the Competition Report which analyzes the developments in the Participation Banking and Banking sectors in terms of provinces as of 3-month periods. Additionally, the Sector Report project was launched which allows systematic access and analysis of current and past financials of the banks in Participation Banking sector.

Our regulatory reporting project which was redesigned with the purpose of creating faster, flexible and accurate data was completed and this allowed us to create and analyze reports submitted to regulatory organizations over the system in a shorter time. In this manner, effectiveness and efficiency of our regulatory reporting process significantly increased.

Moreover, in 2021 balance sheet of the Bank was made available on a daily basis and balance sheet analyses started to be made on the system.

CREDITS AND FOREIGN TRADE OPERATIONS

Foreign Trade Transactions:

Ziraat Participation completed and launched the following important projects within the scope of foreign trade operations in 2021:

- External guarantee processes were optimized, transaction flow process was simplified in line with business applications. All external guarantee SWIFT messages were integrated to the system.
- Advance export file closing process was improved, for unclosed files, integration with KKB was established.
- Digital Order Submission Project was completed for certain transaction types over Participation Mobile application.
- SWIFT messages of all transfer transactions realized and Transfer Notice Form ID's, if any, were made available to be followed at the mobile branch.
- External guarantee transactions were started to be performed at the Bank's Sudan branch.
- Full automation of the process related with correspondent fees paid and collected in international payments was realized.
- For İBKB (Export Proceeds Acceptance Document) transactions, automatic e-mail delivery of correspondence sent to correspondent banks

was realized and integration with Ministry of Trade's DYOP (Support Management System) was realized to increase the efficiency of the İBKB process.

- Integration with Ministry of Trade's GÜVAS (Customs Database System) was realized to monitor open export accounts. A screen was designed within the system to follow up transactions which need to be reported to the Tax Authority and reporting forms started to be created automatically by the system.
- With the launch of SWIFT GPI application, foreign transfers' status and correspondent fee deductions can be monitored transparently on the main banking system. This product was also opened to our customers at the internet and mobile branches.
- Integration of IBAN-Complete application to main banking system and internet/mobile branches was realized which optimized international payment processes and now allows transactions to be realized fully automated.
- Systemic developments were completed for the sales of export amounts to the Central Bank.
- Ziraat Participation aims to launch the following significant projects within foreign trade activities in 2022:
- Transfers received will be automatically paid into customer accounts upon specific rules and controls.

- To increase the efficiency of international payment transactions, all transactions will be completed in the main banking screen and the process will be made available to monitor. The process of realization of returned/rejected transactions will be automatized.
- Automation will be increased for more effective follow-up of nostro account reconciliation.
- New notifications will be added to foreign trade customer notification package (SMS/E-mail) to increase customer satisfaction.
- Developments will be made to complete all SWIFT correspondence on the main banking system and to reduce use of interface.
- Export letter of credit processes will be improved via systematic developments.

Guarantee Transactions:

Within the scope of guarantee transaction activities, Ziraat Participation completed and launched the following important projects in 2021:

- In case of closing of retail loans, automatic exit flow of real estate mortgage or pledge of vehicle guarantees will start.
- Electronic mortgage transactions with pilot branches were completed successfully and it was expanded to all branches.
- Ziraat Participation aims to launch the following important projects within the scope of guarantee transactions in 2022:

Within the scope of guarantee transaction activities, Ziraat Participation completed and launched important projects in 2021:

- Service integration will be provided with KGF for automatic data sharing.
- For guarantee entry and update transactions, policy documents will be viewed on the screen on policy basis.
- Automatic fee collection will be enabled in real estate mortgage e-release transactions.
- Fund Extension and Process Transactions:
- Ziraat Participation completed and launched the following important projects in 2021 within the scope of fund extension transactions:
- With the EKAP (Electronic Public Procurement Platform) Project, studies were completed for the preparation of temporary letters of guarantee and reference letters in electronic environment in tenders conducted with the electronic tender system by the Public Procurement Authority. With this development, both paper environment will be eliminated and risks will be minimized.
- Updates were realized in Route and Job Tracking flows used by the Headquarters and branches, thanks to developments in the Route and Job Tracking screen with the project conducted in five separate phases. "Route Team Management Screen" was

launched which provided time savings for the users at the Headquarters and with "Route Manager Control Screen", a healthy and controllable structure was provided for service managers at Headquarters to manage the flows in the pool.

Ziraat Participation will launch the following important projects in 2022 within the scope of fund extension transactions:

A more effective screen use is targeted in corporate cash fund extension by conducting end-to-end studies from preparing a payment plan, document entry, fund extension and invoice closing.

In order to reduce the work load of branches and departments and provide manpower savings, automatic closing of invoices are planned after the uploading of invoices in XML format by customers via mobile and internet banking.

Financial Leasing Operations:

Ziraat Participation completed and launched the following important projects in 2021 within the scope of financial leasing transactions:

ZIRAAT PARTICIPATION WILL LAUNCH IMPORTANT PROJECT IN 2022 WITHIN THE SCOPE OF FINANCIAL LEASING OPERATIONS ACTIVITIES:



With a protocol signed between KOSGEB, KGF and Ziraat Participation, when machinery-equipment, model and software are acquired using financial leasing by the users of KOSGEB support programs, the advance payment and profit share of the financial lease is supported within the scope of KOSGEB's related support program.

Ziraat Participation will launch the following important project in 2022 within the scope of financial leasing operations activities:

System integration with Association of Financial Institutions will be provided for registration and tracking of financial leasing contracts.

INFORMATION TECHNOLOGIES

Ziraat Participation aims to increase its efficiency, quality and speed by improving customer experience in the field of IT. The Bank has achieved significant progress by integrating the innovation and change management required by the times into its systems and processes.

In 2021, Ziraat Participation has completed and commissioned the following important projects within the scope of its IT activities.

With FAST, 24/7 money transfer transactions were made possible to an account at a different bank with IBAN or a defined Easy Address via Participation Mobile and Internet Branch.

- Emergency Center (ODM) test for 2021 were successfully completed.
- Within the scope of Transition to Open Source Code Systems, Pardus operating system transition was completed for all branches.

- Ziraat Participation became the first participation bank to provide services in social housing projects through the integration with TOKİ.
- With the EKAP integration project, temporary letters of guarantee within the scope of public tenders can be given in electronic environment.
- Instant gold transfers were made available with the establishment of recorded gold transfer system.
- The infrastructure for monitoring of Sudan Branch Financing, Islamic Investment Products (Murabaha), Islamic Treasury Management, Credit Bureau, foreign trade financing and vostro accounts was put into use.
- For the follow-up accounts, an opportunity was provided for customers who have foreign currency risk to restructure their debts in Turkish Lira for easy payment and to prevent foreign currency loss.
- Structuring of "Retail Basic Necessities Support Credit" was completed via internet banking.

- Sales of insurance products through digital channels was made possible
- Deferred Payment Export Financing project was completed, thus product range offered to customers increased.
- With the branch and portfolio target allocation system, allocation of target amounts with different inputs given to branches/portfolios and their integration with performance scorecards were enabled.
- Performance scorecards of Headquarters Operation Center and Credit Extension business family were made available to be set up at the system.
- Central Bank and BRSA report can be automatically created in the banking system.
- Start of automatic process was enabled for bankruptcy and concordatum files shared by the Risk Center.
- Multiple account opening screen was transitioned into business process structure to become more efficient, faster and reportable.
- Integration was completed with SGK to allow payment via Ziraat Participation.
- Transition to new version of corporate web site was completed.
- Technology studies to comply with the cash register (ÖKC) new brand contract were completed and Ziraat Participation POS application was uploaded to the widely used model in public collections.
- Within the scope of digitalization of business processes, Credit Committee meetings started to be signed via mobile signature and archived in digital platform.
- In accordance with BRSA Regulation, Cancellation process of offline tax collections can be made at alternative distribution channels and customer satisfaction increased.
- System infrastructure to restructure leasing credit accounts was completed.
- SWIFT GPI transition was completed.
- Within the scope of digitalization of business processes, credit proposals were made systematic, thus preventing operational risks and increasing efficiency.
- Integration and reporting screen related with the BRSA E-Government Data Collection project was completed.
- Remote customer acquisition project was completed with the technological infrastructure to be a customer without coming to the branch.
- Precious metal infrastructure was established which allows purchasing and sale of silver through branches and related channels.
- Reporting module was added to inspection audit application which increased user satisfaction and reduced operational risk.
- Association of Participation Banks Association of Türkiye (TKBB) arbitration board application system integration was completed.
- Offline tax collection infrastructure was completed and launched.



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Communication
Center**

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Become a customer instantly through our Katılım Mobile application without needing to go to the branch, with no fee charged on wire transfers/EFT, FAST transactions and account management. Moreover, use of all public ATMs is free with no credit card fee for the first year!

 **Ziraat Katılım**
Growth through sharing

HUMAN RESOURCES



ZİRAAT PARTICIPATION'S HUMAN RESOURCES POLICY AIMS TO REVEAL EMPLOYEES' POTENTIALS, TO INCREASE THEIR PERFORMANCES AND TO SUSTAIN THEIR CAREER DEVELOPMENT.

In line with its targets of sustainable development and growth, Ziraat Participation continued to provide effective services to its customers, with 1,529 employees and 120 local branches in 53 provinces and 1 branch abroad as of the end of 2021.

In 2021, Ziraat Participation hired 100 candidates after their testing and interview processes. Thus, the Bank continued to support young and newly graduated employment.

Ziraat Participation aims to represent our country by opening branches abroad, as well as its activities to expand and develop the interest-free finance system within the borders of

our country through branching efforts. In this direction, 16 new branches started to operate in 2021 in Turkey.

Having adopted the principle of offering equal opportunities to its employees, Ziraat Participation has prioritized raising the managers of the future from its in-house human resources. Accordingly, those who completed the Manager Candidate Program successfully were promoted to managerial positions in 2021 as well.

By using the performance management system effectively, job position promotions continued in 2021.

Ziraat Participation knows that human resources is has the greatest stake in achieving sustainable growth and effective performance and accordingly, the Bank conducts promotion exams every year for its employees to move forward in their careers in a fair environment. In this context, the Bank continued its collaboration with İstanbul Sabahattin Zaim University in 2021 and held an online professional-title promotion examination. Employees that were successful in the exam were promoted to a higher position.

Ziraat Participation carried its Occupational Health and Safety activities in 2021. The Bank continued to keep Covid-19 measures as in 2020.

Ziraat Participation tracks and manages its employees' professional progress in a planned manner. In this context, the Bank designs classroom, online and video trainings and delivered an average of 42.74 man/hour trainings in 2021.

Ziraat Participation manages its employees' professional development in a planned manner.

In-person trainings to prepare the new employees for their jobs were organized with collaboration with İstanbul Sabahattin Zaim University

The Leadership Development Project, which lasts for 6 months, was organized for branch managers.

A training was organized at Konya Necmettin Erbakan University to introduce Ziraat Participation and participation banking to students.

In view of today's conditions, where international communication is a fact of life its importance is increasing day by day, the Bank provided its employees with English and Arabic training support in order to improve the language abilities of its human resources.

With a proper and fair remuneration policy, Ziraat Participation not only increases employee motivation and their corporate loyalty, but also encourages sustainable success which complies with corporate strategy. Salary research is performed by collecting salary data from the sector and observing the internal balance within the Bank, at the same time sustaining its competitive position.

Remuneration structure includes the salary which is based on job position and employees' seniority as well as job place and transportation benefits, performance premium which is variable and other fringe benefits. Furthermore, there are individual pension system with company contribution, life insurance, maternity benefit, family support benefits (family success, special education support, etc.).



FROM ZİRAAT KATILIM
TO PHARMACISTS,
A VALUE PACKAGE WHICH
BRINGS EASE TO YOUR LIVES

ZİRAAT PARTICIPATION'S COVID-19 STRATEGY AND CONTRIBUTION TO ITS STAKEHOLDERS



BUSINESS CONTINUITY AND EMERGENCY SECRETARIAT OF OUR BANK STARTED ITS ACTIVITIES FROM THE FIRST MOMENT OF THE COVID-19 PANDEMIC AND COORDINATED ALL ACTIVITIES FOR THIS EMERGENCY.

Business Continuity and Emergency Secretariat of our Bank started its activities from the first moment of the COVID-19 pandemic and coordinated all activities for this emergency.

Cleaning and disinfection activities were carried at the common use areas at the Headquarters.

All Head Office buildings have undergone anti-bacterial and anti-viral disinfection processes, which contain the substance called silver ionizer. In addition to this practice, which is effective for a period of 6 months, the Head Office buildings were subjected to an additional sanitizing process to cover all working and common use areas.

Disinfection processes were carried out with a special disinfectant material which provides antiviral protection for the carpets in the Head Office buildings.

Steps were taken to ensure that personnel transportation vehicles used by employees were disinfected on a regular basis. Personnel transport vehicles were re-arranged according to social distancing rules.

Informative visuals were posted in the cleaning areas and common areas.

Employees were informed via the Bank Portal under the "Information about COVID 19 and measures to be taken" topic.

Posters setting out the measures to be taken were placed in the Head Office buildings and in the branches.

Trainings, meetings and interviews were carried out online.

System infrastructure was established for remote working of our employees who are disabled, pregnant, those at maternity leave and employees with disadvantages.

Social distancing was maintained by drawing strips between the counters and customers. The spread of the virus was prevented with the placement of plexi-glass on the counters.

Due to the difficulty of cleaning suits and hygienic reasons, the dress code of wearing Business Casual was removed temporarily, with the opportunity to wear Smart Casual provided.

Precautions were determined to be taken at the Headquarters and branches.

Remote access authorization was defined for personnel and the necessary equipment was provided.

Steps were taken to ensure that tea, coffee and other refreshments were provided using disposable materials (such as cups, forks, spoons, etc.) at the Bank.

All employees were informed regarding the use of masks and gloves. It is obligatory to wear masks in common areas such as the working environment, elevators, kitchens, prayer rooms and personnel transportation vehicles.

Protective materials and sanitizer were sent to all branches.

Branches which did not receive cargo were given the opportunity to obtain these materials from their regions and locations.

Disinfectants were placed at ATMs at the outside of our branches for customers' use and our ATMs are cleaned frequently during the day.

At the branches, customers are allowed to be admitted to the waiting hall and kept waiting by taking into account social distancing.

Maximum number of people allowed at the branches was determined based on the branches area and related posters were sent to branches.

Tea services were organized at the top of every hour at Headquarters to prevent frequent entry to kitchens by employees unless it is crucial.

PCR test results were requested each week from those employees who were not vaccinated.

Employees were required to wear masks in common areas such as elevators, kitchens, rest rooms, prayer rooms and employees service vehicles. They were also informed about wearing masks at all times when they leave their desks.

Employees were encouraged to have 2 doses of mandatory vaccination and the booster dose if there is no health risk.

Covid-19 scenario was added to emergency and contingency scenarios.



AFFILIATES

Ziraat Participation's First Partnership

Ziraat Katılım Varlık Kiralama A.Ş., which was Ziraat Participation's first partnership with a subsidiary status, was established on 22 January 2016 with a capital of TL 50,000.

Ziraat Katılım Varlık Kiralama A.Ş.

Ziraat Katılım Varlık Kiralama A.Ş. was established on 22 January 2016 with a capital of TL 50,000, paid entirely by Ziraat Participation with the authorization obtained from the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB). The foundation purpose of the Company is to exclusively

issue lease certificate within the framework of the Communiqué on Lease Certificates (III-61.1) of the CMB, which was published in issue 28760 of the Official Gazette, dated 7 June 2013.

The company's head office is located in Fatih, İstanbul.

As of 31 December 2021, the company had no personnel.

Lease Certificates Issued by Ziraat Katılım Varlık Kiralama A.Ş.

Issue date	ISIN code	Issue amount (TL)	Simple annual rate of return	Tenor (days)	Redemption date
28 September 2021	TRDZKVK12213	600,000,000	17,80%	101	7 January 2022
30 September 2021	TRDZKVK32211	450,000,000	18,35%	181	30 March 2022
13 October 2021	TRDZKVK12221	500,000,000	17,80%	98	19 January 2022
26 October 2021	TRDZKVK22212	400,000,000	16,25%	101	4 February 2022
12 November 2021	TRDZKVK22220	600,000,000	16,10%	103	23 February 2022
26 November 2021	TRDZKVK32229	400,000,000	15,40%	98	4 March 2022
9 December 2021	TRDZKVK62218	300,000,000	15,20%	180	7 June 2022
12 December 2021	TRDZKVK32237	400,000,000	16,30%	102	22 March 2022
24 December 2021	TRDZKVK42210	400,000,000	17,90%	102	5 April 2022

Redeemed Lease Certificates

Fund User	ISIN code	Issue Amount (TL)	Issue date	Redemption date	Tenor (days)
Ziraat Katılım Bankası A.Ş.	TRDZKVK42111	350,000,000	6 January 2021	14 April 2021	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK42129	350,000,000	26 January 2021	28 April 2021	92
Ziraat Katılım Bankası A.Ş.	TRDZKVK52110	400,000,000	12 February 2021	25 May 2021	102
Ziraat Katılım Bankası A.Ş.	TRDZKVK62127	400,000,000	24 February 2021	4 June 2021	100
Ziraat Katılım Bankası A.Ş.	TRDZKVK62135	400,000,000	11 March 2021	22 June 2021	103
Ziraat Katılım Bankası A.Ş.	TRDZKVK92116	250,000,000	30 March 2021	29 June 2021	91
Ziraat Katılım Bankası A.Ş.	TRDZKVK72118	500,000,000	26 March 2021	6 July 2021	102
Ziraat Katılım Bankası A.Ş.	TRDZKVK72126	600,000,000	14 April 2021	14 July 2021	91
Ziraat Katılım Bankası A.Ş.	TRDZKVK82117	600,000,000	28 April 2021	6 August 2021	100
Ziraat Katılım Bankası A.Ş.	TRDZKVK82125	400,000,000	25 May 2021	25 August 2021	92
Ziraat Katılım Bankası A.Ş.	TRDZKVK92124	300,000,000	4 June 2021	10 September 2021	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK92132	400,000,000	22 June 2021	28 September 2021	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK2112	500,000,000	6 July 2021	13 October 2021	99
Ziraat Katılım Bankası A.Ş.	TRDZKVK2120	600,000,000	14 July 2021	26 October 2021	104
Ziraat Katılım Bankası A.Ş.	TRDZKVK2114	600,000,000	6 August 2021	12 November 2021	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK2122	400,000,000	25 August 2021	26 November 2021	93
Ziraat Katılım Bankası A.Ş.	TRDZKVK2116	300,000,000	10 September 2021	10 December 2021	91

ZKB Varlık Kiralama A.Ş.

ZKB Varlık Kiralama A.Ş., which is Ziraat Participation's second partnership with a subsidiary status, was established on 8 September 2017 with a capital of TL 50,000.

ZKB Varlık Kiralama A.Ş. was established on 8 September 2017 with a capital of TL 50,000, paid

entirely by Ziraat Participation with the authorization obtained from the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB) to exclusively issue lease certificate within the framework of the Communiqué on Lease Certificates (III-61.1) of the CMB,

which was published in issue 28760 of the Official Gazette, dated 7 June 2013.

The company's head office is located in Fatih, Istanbul.

As of 31 December 2021, the company had no personnel.

Lease Certificates Issued by ZKB Varlık Kiralama A.Ş.

Issue date	ISIN code	Issue Amount (TL)	Simple annual rate of return	Tenor (days)	Redemption date
15 November 2021	TRDZKBV12212	100,000,000	16,15%	77	31 January 2022
6 December 2021	TRDZKBV22211	100,000,000	15,35%	84	28 February 2022

THE REPORT ON COMPLIANCE OF ANNUAL REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Ziraat Katılım Bankası A.Ş.

1. Opinion

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

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

2. Basis for Opinion

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

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

We expressed an opinion in the auditor's reports dated 14 February 2022 on the full set consolidated and unconsolidated financial statements of the Bank for the 1 January 2021 - 31 December 2021 period.

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

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

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report
- c) to include the matters below in the annual report:
 - events of particular importance that occurred in the Bank after the operating year,
 - the Bank's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

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

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

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

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

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

Zeynep Uras, SMMM
Partner
İstanbul, 25 February 2022

ZIRAAT PARTICIPATION BOARD OF DIRECTORS



Alpaslan ÇAKAR **Chairman of the Board**

Mr. Çakar graduated from Ankara University Faculty of Political Sciences Department of Public Administration. He started his career at T.C. Ziraat Bankası A.Ş in 1996 as Assistant Inspector, then became an Inspector and Branch Manager. In 2005, he was appointed as Regional Head Manager. In August 2007, Mr. Çakar was promoted to Chairman of the Department, then worked as Vice President in charge of Individual Banking, Vice President in charge of Operational Transactions, Vice President in charge of Individual Banking and Vice President in charge of Retail Banking, respectively. He worked as Vice President in charge of Distribution Channels between January 2016 and July 2017, as Vice President in charge of Payment Systems between July 2017 and June 2018 and Vice President in charge of Retail Banking between June 2018 and March 2021. At the same time, between 2003 and 2019, Mr. Çakar acted as a member of the Board of Directors/ Audit Committees of Ziraat Finansal Kiralama A.Ş., Bileşim Alternatif Dağıtım Kanalları Ödeme Sistemi A.Ş., Ziraat Hayat ve Emeklilik A.Ş., Ziraat Sigorta A.Ş., Kredi Kayıt Bürosu A.Ş., Ziraat Bank (Moscow) JSC, Türkmen Türk Ticaret Bankası, Ziraat Teknoloji A.Ş., Bankalararası Kart Merkezi A.Ş., Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş., Ziraat Bank (Moscow) JSC. Since 16 July 2019, he is the Chairman of the Board of Directors of Ziraat Bank (Moscow) JSC, and as of March 2021 he was appointed as CEO and Member of the Board of Directors of Ziraat Bank. Mr. Çakar also acts as the Chairman of the Turkish Banking Association since 22 April 2021. He is the Chairman of the Board of Directors of Ziraat Participation since 1 February 2022.

Fikrettin AKSU **Vice Chairman of the Board**

Fikrettin Aksu graduated from Department of Business Management of the Kütahya Management Sciences Faculty at the Eskişehir Academy of Economic and Commercial Sciences, in 1979. After working at various institutions between 1980-1984, he started his career at Ziraat Bank in 1984. After working in various positions at the Bank between 1984-2014, he started working at Ziraat Hayat Emeklilik; having served as the General Manager of Ziraat Sigorta he served as the General Manager of Ziraat Yatırım Menkul Değerler, and served as the President of the Human Resources Group between October 2018 and December 2019. He has been serving as the Head of the Internal Operations Group since December 2019. He has been serving as the Vice Chairman of Ziraat Participation Board of Directors, a member of the Audit Committee and the Corporate Governance Committee since 19 June 2020, and as a member of the Credit Committee since 3 November 2021.

Metin ÖZDEMİR **Member of the Board, CEO**

Metin Özdemir graduated from İstanbul University (Faculty of Business Administration) in 1990. He started his career at Kuveyt-Türk Finans Kurumu in 1992, and from 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir functioned as a member of İstanbul Metropolitan Municipal Council between 2004 and 2014. Mr. Özdemir was a member of the Ziraat Bank's Board of Directors and acted as a member of the Corporate Governance Committee and the Remuneration Committee from April 2012 until 27 May 2019. He served as the Chairman of the Board of the Participation Banks Association of Türkiye from May 2018 until May 2021. Mr. Özdemir has been a member of the Board of Directors of Ziraat Participation since 18 February 2015 and was appointed as the CEO on 12 June 2017. Mr. Özdemir is a member of Ziraat Participation Board of Directors and he is the Chairman of the Credit Committee since 25 July 2017. He also serves as the Chairman of the Board of Directors of the Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI).



Ahmet BUÇUKOĞLU
Member of the Board

Born in Kayseri in 1955, he graduated from the Department of Economics and Finance of the Faculty of Political Sciences at Ankara University in 1980. He started his career at Ziraat Bank in 1982. Between 1982 and 2014, he served as an Assistant Inspector, Inspector, Agricultural Loans Assistant Manager, Head of the Intelligence Department, Branch Manager and Regional Manager. Between 2014 and 2018, he served as the General Manager and Chairman of the Board of Directors at the Development Bank of Turkey. Mr. Buçukoğlu, who has been serving as a Member of the Board of Ziraat Participation since 19 June, 2020, is also a member of our Bank's Credit Committee and Remuneration Committee.



Hasan DURSUN
Member of the Board

Hasan Dursun graduated with a major in Economics and Political Sciences and Finance from the Faculty of Economics at Istanbul University in 1977. He started his career on October 1, 1977 in the Sümerbank Purchase and Sale Organization Customs and Transport Service. Mr. Dursun worked at the Istanbul Exchange Branch of the Central Bank of the Republic of Türkiye between 1978-1981. After working as an Assistant Inspector and Inspector at İmar Bankası between 1981-1986, he worked as the Deputy Manager of Tütünbank Loans between 1986-1987 and as the Branch Manager at Faisal Finans, Anadolu Finans and Albaraka Türk between 1987-2016. After his retirement in 2016, Mr. Dursun, who worked in managerial positions in private companies, served as a Board Member at Bereket Emeklilik. Mr. Dursun, who has been serving as a Member of the Board of Ziraat Participation as of 19 June, 2020, also serves as a Member of the Credit Committee and Corporate Governance Committee.



Mahmut Esfa EMEK
Member of the Board

Mahmut Esfa Emek was born in Erzurum in 1965. He graduated from Ankara University Faculty of Economics and Administrative Sciences Department of Business Administration in 1985. He started his career as Assistant Inspector at İmar Bankası in 1988. Between 1990 and 2017, he worked as Inspector, Chairman of the Inspector Board, Department Manager, Senior Department Manager and Vice President in Charge of Operations and Credits at Albaraka Türk. He worked as the Member of the Board and CEO of a private company. Mr. Emek was the CEO of Birleşik Fon Bankası between 2017 and 2019. Since 21 March 2021, he is a Member of the Board of Directors of Ziraat Participation Bank and also serving as Member of the Audit Committee, Remuneration Committee and Alternate Member of the Credit Committee.

ZIRAAT PARTICIPATION SENIOR MANAGEMENT



Mehmet Said GÜL
Executive Vice President-
Information Technologies and
Operations

Mehmet Said Gül was born in Kahramanmaraş in 1973. He graduated from Hacettepe University Faculty of Engineering Department of Computer Engineering in 1995. He started his banking career as a programmer at Anadolu Finans Kurumu in 1997. After serving for many years as system analyst and software development service manager, he continued his career as Software Development Manager at Türkiye Finans Participation Bankası A.Ş. in 2006. He worked as the Information Systems Coordination Manager as of 2009. In 2014, Mr. Gül worked at the establishment of Ziraat Participation and acted as a consultant at Ziraat Bank and Ziraat Participation's Information Technologies Department Head. In 2015, he was appointed as the Group Director of the Information Technologies and Operational Transactions at Ziraat Participation. Since 23 August 2017 Mr. Gül is the Executive Vice President in charge of Information Technologies and Operations.

Osman KARAKÜTÜK
Executive Vice President-Treasury
Management and International
Banking

Born in Ankara in 1975, Osman Karakütük graduated from Ankara University Faculty of Political Science. He completed his undergraduate studies in Sakarya University and worked at the CBRT Headquarters as a clerk between 1998-1999. In 1999, he started working at Ziraat Bank as an Assistant Inspector and then promoted to Inspector, Chief Inspector, Vice President of the Inspection Board, Branch Manager, İzmir 1st Region Manager, Head of Branch Operations and Head of Channel Management, respectively. Mr. Karakütük was appointed as Ziraat Participation Vice President in charge of Financial Coordination and Human Resources on 15 August 2017 and he has been serving as the Vice President in charge of Treasury Management and International Banking since 24 August 2017.

Önder KIRMAN
Executive Vice President- Credit
Extension and Management

Önder Kirman was born in Afyonkarahisar in 1972. He graduated from Dokuz Eylül University Faculty of Economics and Administrative Sciences Department of Business Administration. Mr. Kirman started his banking career as a Service Attendant at Ziraat Bank in 1999. Between 2001 and 2008, he worked as an Internal Controller. Between 2008 and 2015, Mr. Kirman acted as a Supervisor of Agricultural, SME and Commercial Marketing, Commercial Marketing Department Manager and Regional Credit Extension Manager. He joined Ziraat Participation in May 2015 as the Chairman of the Operation Center Department, then he was appointed as the Chairman of Corporate and Entrepreneurial Credit Extension and Management Department in April 2016. Since 30 June 2016, he serves as Executive Vice President- Credit Extension and Management.



Temel Tayyar YEŞİL
Executive Vice President-
Marketing

Temel Tayyar Yeşil was born in Samsun in 1971 and graduated from Erciyes University Economy department of Faculty of Economics and Administrative Sciences. Mr. Yeşil started his banking career at Pamukbank T.A.Ş. as Assistant Specialist in 1998. He worked as an officer and manager in the Loans and Project Evaluation departments of Halkbank. He acted as Kayseri Commercial Branch Manager between 2010 and 2012. Mr. Yeşil started to work at Ziraat Bank as Loan Allocation and Management Department Head in 2012 and continued as the Regional Coordinator in 2016. He has been appointed as Ziraat Participation. Vice President in charge of Marketing on 18 July 2017 and is still carrying out the duty.



Mustafa Kürşat ÇETİN
Head of Marketing
Management Group

Mustafa Kürşat Çetin was born in Yozgat in 1979. He graduated from Selçuk University Faculty of Economics and Administrative Sciences Department of Economics. He received his graduate degree in Banking from İstanbul University Faculty of Social Sciences. He started his career in 2003 at Türkiye Finans Headquarters Leasing Service and from 2005 on, he worked in different positions in Corporate Marketing at İstanbul Osmanbey, Beylikdüzü and İkitelli branches. Between 2012 and 2015 he worked as Türkiye Finans Nişantaşı Branch Manager. In 2015, with the inception of Ziraat Participation he started working at İkitelli Branch as a manager. In January 2016, he was appointed as Entrepreneurial Marketing Department Head and Entrepreneurial Marketing Department 2 Head. In May 2019, he continued his career as the Head of Branch Banking and Sales Management 2 Department and was appointed as Marketing Group Director as of 10 February 2021.



Seher Elif EKİCİ
Head of Credit Policies and
Risk Liquidation Group

Seher Elif Ekici was born in İstanbul in 1981. She graduated from Marmara University Faculty of Business Administration, Department of Business Administration in English. She completed her associate degree at Anadolu University Faculty of Theology and is currently studying for her master's degree on Islamic Economics and Finance at Marmara University. She received her SMMM license in 2009. She started her professional career at KPMG independent audit firm in 2003 and worked as an auditor in 2003-2004. Later, she started her banking career in 2005 at Anadolu Finans Kurumu Financial Control service under Financial Affairs Department. She took a role in the merger of Anadolu Finans and Family Finans. Between 2007 and 2015 she acted as Specialist, Supervisor and Manager at Risk Management Center Department of Türkiye Finans. Ms. Ekici started to work at Ziraat Bank as a Manager on 3 February 2015. She was a part of the establishment of Ziraat Participation and was appointed as Head of Risk Management Division on 23 June 2015. She has been working as the Head of Credit Policies and Risk Liquidation Group since 2 July 2021.



Suat TÜCCAR
Head of Strategy Planning
and Human Resources
Group

Suat Tüccar was born in İstanbul in 1974. He graduated from Gazi University Faculty of Economics and Administrative Sciences Department of Public Administration. In 2000, he started his career at Dışbank Commercial Marketing upon completing the MT program. He worked as a portfolio manager at the same bank in Mercan, Bayrampaşa and European Corporate branches, respectively. Upon the merger of Fortis and Türk Ekonomi Bankası, he worked as Branch Manager of Bayrampaşa Mega Center and Güneşli branches. Mr. Tüccar started his career at Ziraat Participation on 2 May 2016 as a Service Manager at Corporate and Entrepreneurial Marketing Department and continued as the Head of Human Resources Department on 23 March 2017. He was appointed as Head of Strategy Planning and Human Resources Group on 10 February 2021.

MANAGERS UNDER THE INTERNAL SYSTEMS

Name	Position	Education
Emin Hocaoglu	President of the Audit Board	Undergraduate
Osman Çetiner	Head of Internal Control and Compliance Division	Undergraduate
Yasin Özbey	Deputy Head of Risk Management Division	Graduate

Cvs of Managers Under the Internal Systems

Emin HOCAOĞLU

President of the Audit Board

He was born in 1986 in Istanbul. He graduated from Istanbul University, Faculty of Economics, Department of Economics in 2008. In 2010, he completed Anadolu University Foreign Trade Program. He is continuing his postgraduate program in Financial Markets and Investment Management at Marmara University. He started his professional life in the purchasing department of Eczacıbaşı-Monrol Nuclear Products Company, one of the companies in the healthcare group of the Eczacıbaşı Group. In a change of career, he switched to the banking sector and started to work as an Assistant Auditor at Ziraat Bank after working as an Assistant Auditor at Şekerbank for 6 months. Following his 8-year duty in the Ziraat Bank Audit Board, he started to work at Ziraat Participation as the Vice President of the Audit Board on 4 March 2019. He was appointed as the President of the Audit Board on 28 July 2021 and he has been continuing his duty since then.

Osman ÇETİNER

Head of Internal Control and Compliance

Osman Çetiner was born in Antalya in 1973. He graduated from Uludağ University Faculty of Economics Department of Finance and received his SMMM license in 2005. In 2014, he also received the Independent Auditor license from Public Oversight Authority. He holds the CİCP certificate, which has been approved as a worldwide standard within the scope of Internal Control Certification by the Internal Control Institute. He started his banking career at Kuveyt Türk in 1999 as Assistant Specialist of Accounting in Finance Service. He worked at Kuveyt Türk at various positions for a total of 16 years, 7 years at managerial positions. He took a role at Turkey's first lease certificate issuance in 2010 by Kuveyt Türk in 2010. He was a part of Ziraat Participation's establishment and started to work as Financial Coordination Department Head at Ziraat Participation as of 8 April 2015. He is serving as Ziraat Participation's Head of Internal Control and Compliance since 20 December 2017.

Yasin ÖZBEY

Deputy Head of Risk Management

Yasin Özbey was born in Istanbul in 1981. He graduated from Erciyes University Faculty of Economics and Administrative Sciences Department of Economics in 2003. He finished his graduate studies in Business Administration in 2011. In 2012, he received his CPA certificate. Mr. Özbey started his professional career in 2004 at Anadolu Finans Kurumu A.Ş. Financial Affairs Group Directorate, Financial Control service. He served as Financial Control Supervisor between 2004 and 2008. He took place in the merger of Anadolu Finans Kurumu and Family Finans Kurumu. He worked at Türkiye Finans, Financial Control and Reporting Department's Audit and Legal Reporting service between 2008 and 2013. After working at Aktifbank and Albaraka Türk in Regulatory Reporting services he joined Ziraat Bank for the inception of Ziraat Participation on 1 December 2014. At Ziraat Participation, Mr. Özbey worked as Financial Control Office at Financial Coordination Department and as Retail Customer Relations Officer at Kütahya Branch. In April 2018, he was appointed as Balance Sheet and Operational Risk Manager at the Risk Management Department and since 5 July 2018, he is acting Department Head of Ziraat Participation Risk Management Department.

INFORMATION ON THE ACTIVITIES OF THE COMMITTEES

Credit Committee

Composed of the Bank's General Manager and at least two members to be elected from the Board of Directors who fulfill the requirements for the General Manager (except time); the Credit Committee is established to perform the duties regarding credits, which will be granted by the Board of Directors. Two alternate members are elected among the Board members who fulfill the requirements for the General Manager (except time) to serve in place of a member of the Credit Committee who cannot participate in any meeting. The Board may delegate its powers for the credit allocation to the Credit Committee or to the General Directorate.

Chairman

Metin Özdemir
Member of the Board, CEO

Members

Ahmet Buçukoğlu
Member of the Board

Hasan Dursun
Member of the Board

Alternate Members

Fikrettin Aksu
Vice Chairman of the Board
Member of the Board

Mahmut Esfa Emek
Member of the Board

The Credit Committee took 300 decisions in 17 meetings held in 2021.

Audit Committee

The Board of Directors appoints at least two members of the Board who do not have executive responsibilities and whose qualifications are determined by the Banking Regulation and Supervision Agency (BRSA) to form the Audit Committee to assist the fulfillment of the Board's audit and supervision activities.

Members

Fikrettin Aksu
Vice Chairman of the Board
Member of the Board

Mahmut Esfa Emek
Member of the Board

The Audit Committee took 31 decisions in 13 meetings held in 2021.

Corporate Governance Committee

The Corporate Governance Committee is formed under the Presidency of a member of the Board who will be determined by the Board of Directors. The main task of the committee is to monitor the compliance of the Bank's corporate governance principles, to carry out improvement activities in this regard and to provide recommendations to the Board of Directors.

Members

Fikrettin Aksu
Vice Chairman of the Board
Member of the Board and
Chairman of the Corporate
Governance Committee

Hasan Dursun
Member of the Board

The Corporate Governance Committee took 1 decision in one meeting held in 2021.

Remuneration Committee

The Corporate Governance Committee consists of at least two members who will be determined by the Board of Directors. The Committee monitors and audits remuneration practices on behalf of the Board of Directors. In addition, the Committee performs the tasks specified in the relevant regulations issued by the Banking Regulation and Supervision Agency (BRSA).

Members

Ahmet Buçukoğlu
Member of the Board

Mahmut Esfa Emek
Member of the Board

The Remuneration Committee took 1 decision in 1 meeting held in 2021.

Number of Board Meetings

The Board of Directors took 276 decisions in 26 meetings held in 2021.

EVALUATIONS OF THE ADVISORY COMMITTEE ON THE BANK'S ACTIVITIES IN 2021 AND THE COMPLIANCE OF THE ACTIVITIES WITH THE PRINCIPLES AND STANDARDS OF INTEREST-FREE BANKING

The Advisory Committee carries out its activities under the Board of Directors in accordance with Article 4 of the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking published on 14 September 2019. In the organizational structure, the Advisory Committee, which carries out its activities under the Board of Directors, acts in accordance with the principle of independence while making its decisions.

Within the scope of Compliance with the Principles and Standards of Interest-Free Banking, the organizational structure of Ziraat Participation Bank consists of the Advisory Committee and the Advisory Committee Coordination Service Management departments. The Compliance and Secretariat activities are carried out by the Advisory Committee Coordination Service Management under the Internal Control and Compliance Department.

The Advisory Committee Coordination Service carried out its 2021 activities within the scope of business plan requirements and interest-free banking principles and standards. Within the scope of the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking, the Advisory Committee Coordination Service prepared its annual program with the Advisory Committee, and in this context, it planned to hold meetings at least twice a month.

During the 2021 operating period, 35 Advisory Committee meetings were held and 102 decisions were taken. These decisions taken were announced throughout the Bank by the Advisory Committee Coordination Service. Afterwards, compliance checks were made.

The Advisory Committee met the Audit Committee to discuss the internal audit findings as stipulated in the communiqué and negotiate the actions to be taken. In these meetings, the reports prepared on interest-free banking compliance and audit activities and the actions taken for the findings included in the reports were discussed.

Based on the information and documents presented to the meeting agenda, the Advisory Committee conducted examinations and observations on the following issues within the scope of its powers and duties;

- a) Interest-free banking principles and the standards and their implementation,
- b) Compliance of internal regulations with interest-free finance principles and standards,
- c) To evaluate and approve the standard contracts and annexes regarding the Bank's products and services in terms of interest-free banking principles and standards.

In view of the reporting, internal negotiations and other issues regarding the implementation of the Advisory Committee decisions, the following were observed;

- a) The necessary sensitivity has been demonstrated regarding compliance with the decisions of the Advisory Board and the Advisory Committee,
- b) The standard contracts and their annexes, transactions and relations regarding Ziraat Participation products and services, which were examined between 1 January 2021 and 31 December 2021, are compliant with the decisions of the Advisory Board and the Advisory Committee,
- c) Any revenues obtained from any sources and means which are not compliant with the Principles and Standards of Interest-Free Banking are calculated with the technological infrastructure within the framework of the decisions of the Advisory Committee, and this revenue, which is purified, is spent in ways that are considered appropriate by the Advisory Committee
- d) A sound surveillance and control mechanism was established in order to ensure that participation accounts are managed in line with the interests of the account holders, and the profit distribution system is managed by expert personnel,
- e) At the point of implementation of the decisions taken, compliance is observed and Internal Audit activities are also carried out,
- f) It has been observed that training and educational seminars were organized for the Bank's personnel in order for the establish and develop the Interest-Free Banking culture within the Bank.

THE CVS OF ADVISORY COMMITTEE MEMBERS

Mehmet ODABAŞI
Chairman of the Advisory Committee

Mr. Odabaşı graduated from the Faculty of Theology at Marmara University in 1998. He completed a master's degree in the Department of Islamic Law at the Social Sciences Institute of the same university in 2005. Working at participation finance sector since 2004, Mr. Odabaşı provides Consultancy services in interest-free finance.

Prof. Dr. Süleyman KAYA
Vice Chairman of the Advisory Committee

Mr. Kaya graduated from the Faculty of Theology at Marmara University in 1998. He completed a Master's degree in the Department of Islamic Law at Marmara University in 2000 and completed his doctorate in 2007.

He completed his master's degree in the Department of Economic History of the same university in 2003. He is currently working as a faculty member at the Department of Islamic Law in the Faculty of Theology, at Istanbul University.

Prof. Dr. Necmettin KIZILKAYA
Advisory Committee Member

He graduated from the Faculty of Theology at Marmara University in 2001 before going on to complete a Master's degree in the Department of Islamic Law at the same university. He completed his doctorate studies at the Social Sciences Institute from Selçuk University in 2011.

Mr. Kızılkaya's work is more focused on the Islamic Law and the Economy. He is especially interested in the History of Islamic Law, Modernization and Fiqh, the 19th Century Economic and Legal Transformations, Islamic Legal Literature, the Islamic Economy and Contemporary Fiqh Issues. Mr. Kızılkaya, who has published many studies in various languages in the field of Islamic Law, is still working as a faculty member in the Department of Islamic Law, Faculty of Theology at Istanbul University.

INFORMATION ON GENERAL ASSEMBLY HELD IN 2021

Ordinary General Assembly for 2020 was held on 31 March 2021. There were no Extraordinary General Assembly meetings in 2021. 2020 General Assembly was held to discuss routine topics in accordance with regulations and General Assembly decisions were implemented in 2021.

ORDINARY GENERAL ASSEMBLY AGENDA

Decision was taken to hold Ordinary General Assembly of Ziraat Participation for 2020 on 31 March 2021 at 14:30 at the Headquarters of Ziraat Bank at Maslak Mahallesi Eski Büyükdere Cad. No: 41 Kat 1 Maslak / İstanbul to discuss the agenda presented below:

1. Opening of the meeting and establishment of the Chair.
2. Preparation of the General Assembly minutes and authorization of Meeting Chairmanship for signing the minutes.
3. Reading and discussion of the Board of Directors Annual Report for 2019 and presentation of Independent Auditor's Report to the General Assembly.
4. Discussion and approval of 2020 year-end financial statements
5. Discussion and approval of 2020 Profit Distribution Table proposed by the Board of Directors.
6. Grant of release to each member of the Board of Directors.
7. Selection of the Board of Directors Members.
8. Determining and approving the salaries and other rights of the Members of the Board of Directors,
9. Approval of the audit company that will carry out independent audit activities in 2021 in accordance with the Article 399 of the Turkish Commercial Code,
10. Giving authorization for "Recording of provisions which applies to participation accounts as expense, provided that provisions of Turkish Commercial Code are reserved" in accordance with Article 19/2 of the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside".
11. Authorization of the Board of Directors to take decisions on utilizing the Bank's equity for providing for potential losses which may be incurred in participation fund pools set up to process funds collected in participation accounts in accordance with Article 6 paragraph 10 of "Regulation on Procedures and Principles for the Acceptance and Withdrawal of Deposits and Participation Funds and Deposits, Participation Funds, Custody and Receivables Undergoing Lapse of Time" issued by the BRSA.
12. Authorization of the Members of the Board of Directors for subjects within the scope of Articles 395 and 396 of the Turkish Commercial Code.
13. Wishes and closing.

SUMMARY REPORT BY THE BOARD OF DIRECTORS

2021 has been a successful year for our Bank despite the impacts of the pandemic in every area and the Bank sustained its healthy growth in terms of asset size, funds extended and funds collected. Year 2021 was completed with successful financial results.

Ziraat Participation kept its asset quality and increased its size of equity. The Bank demonstrated its impact in many areas such as total assets and net profit.

With its total assets reaching TL 98.3 billion, a 63% increase since 2020 and TL 559 million of net profit, the Bank continues to provide long-term contribution to its customers and the economy.

In addition to growing balance sheet, the Bank took actions which will strengthen financial performance in product and service range, number of customers and service channels.

Our Bank manages the size of its balance sheet by offering appropriate solutions for changing financial requests as well as maintaining credit quality. Accordingly, cash credit balance increased by 58% to reach TL 66.4 billion. Total amount of cash and non-cash credits reached TL 96 billion.

The Bank offered its resources to the use of all sectors, primarily real sector, in 2021 operating period in order to contribute to development of Turkish economy.

Moreover, our Bank continued its strong contribution for SMEs, which play a significant role in development of Turkish economy, via Breath 2021 Support Financing to reduce the negative effect of the pandemic and to support their investments

Ziraat Participation is the first public participation bank that started participation banking operations with the principle of “The More as We Share”. The Bank continues to contribute to national economy through various savings and deposit products within the framework of sustainable profitability principles, within the scope of activities to increase our country’s savings ratio. Ziraat Participation shows maximum effort to meet customers’ needs with its products which comply with participation banking principles in the path of providing contribution to dynamism and depth of the sector.

With its balance sheet structure based on financing which grows with sustainable profitability, efficiency and customer-focused structuring target, Ziraat Participation continues to work to provide the best service for its customers and our country.

Yours respectfully,
Ziraat Participation Board of Directors

HUMAN RESOURCES PRACTICES AND POLICIES AND THE EXPECTATIONS REGARDING 2021

Ziraat Participation Human Resources supports its employees' development and transformation by providing them the opportunity to work based on principles of efficiency, customer focus and profitability. While providing this support, the Bank follows the technological opportunities offered by the changing world and will continue to implement this technology end-to-end in its career and talent development management processes at an increasing rate.

Ziraat Participation will continue to represent our country by opening branches abroad, as well as expanding and developing the interest-free finance system within the borders of our country through its branch network activities.

To provide its branches with capabilities to offer more effective services, branch visits are planned with the awareness of Human Resources being near branch employees and with the objectives of resolving branch employees' problems and listening to their suggestions.

Mentor-mentee project will start where experienced managers of the Bank share their knowhow and experiences.

Leadership Development Project planned for Branch Managers will continue.

Current Management Trainee Program will be updated to include Assessment Center Application.

Foreign language training support for employees will continue in order to make the foreign language level of human resources more qualified.

Ziraat Participation started its in-house performance management system in order to achieve fairness, employee efficiency and self-development and plans to launch new award practices in the following period for employees who shine out with the work they perform.

The Bank plans to increase fringe benefit applications based on employees' expectations and needs.

TRANSACTIONS CARRIED OUT WITH ZIRAAT PARTICIPATION'S RISK GROUP

Ziraat Participation's relations with the institutions involved in the risk group in which it is included covers all types of banking transactions compliant with the Banking Law and within the framework of regular bank-customer relation and within the market conditions. The transactions consist primarily of lending, current and participation accounts.

The amounts of the transactions that Ziraat Participation carried out with its risk group in 2021 and the explanations regarding this matter are mentioned in the footnote numbered VII of the fifth section of the year-end financial statements, which take place within the annual report.

COMPANIES FROM WHICH SUPPORT SERVICES ARE OBTAINED

Support Services Received from	Services Received
Acerpro Biliřim Teknolojileri A.ř.	Insurance Platform Services
Active Bilgisayar Hizmetleri Ticaret Ltd. řti.	Securities Buying and Selling Application Services
AVI Gayrimenkul Yatırım Danıřmanlık A.ř.	Mortgage Processing and Registration Services
BBS Danıřmanlık Gayrimenkul ve Eēitim A.ř.	Mortgage Processing and Registration Services
Bileřim Alternatif Daēıtım Kanalları ve Ődeme Hizmetleri A.ř.	Card and Printing Office Services
Ekol Grup Gŧvenlik Koruma ve Eēitim Hizm. Ltd. řti.	Security Services
Fineksus Biliřim Őzŧmleri Ticaret A.ř.	SWIFT Transactions and Black List Control Application Services
FU Gayrimenkul Yatırım Danıřmanlık A.ř.	Mortgage Processing and Registration Services
Gŧzel Sanatlar Őek Basım Ltd. řti.	Check Printing Services
Intertech Bilgi İřlem ve Pazarlama Tic. A.ř.	Banking and Peripheral Systems Software and Infrastructure Services
Kartek Kart ve Biliřim Teknolojileri Tic. A.ř.	Card Payment Transaction Services
Kuryenet Motorlu Kuryecilik ve Daēıtım Hizmetleri A.ř.	Motorcycle Courier and Delivery Services
Servicium Bilgisayar Hizmetleri Sanayi ve Dıř Ticaret A.ř.	FX mobile infrastructure service
Telekurye Daēıtım ve Kurye Hizmetleri A.ř.	Motorcycle Courier and Delivery Services
Tŧrkiye Cumhuriyeti Ziraat Bankası A.ř.	Fraud operation management service
Tŧrkiye Cumhuriyeti Ziraat Bankası A.ř.	Customer Relations Center services
Tŧrkiye Cumhuriyeti Ziraat Bankası A.ř.	Cash Group Services
Tŧrkiye Cumhuriyeti Ziraat Bankası A.ř.	Banking and Peripheral Systems Software and Infrastructure Services
Ziraat Teknoloji A.ř.	Banking and Peripheral Systems Software and Infrastructure Services

THE AUDIT COMMITTEE'S ASSESSMENTS OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL AND COMPLIANCE, AND RISK MANAGEMENT SYSTEMS

The activities of internal audit, internal control, compliance and risk management in our Bank are carried out respectively by the Supervisory Board, Directorate of the Internal Control and Compliance Department and Directorate of the Risk Management Department, under the Audit Committee.

The following is aimed with the organization that is established in a way to include all units, branches and subsidiaries subject to auditing:

- To continue banking operations in a secure manner in line with the legislation, policy, principles and objectives,
- To achieve sustainable profitability targets,
- To perform the financial and administrative reporting in a timely, complete and secure manner,
- To define Ziraat Participation's legal, nominal and financial risks, to measure, report, and monitor the risks and to minimize the concerned risks by controlling them.

Functioning of Internal Audit

The Supervisory Board audits whether the operations carried out by the Bank's all units, local branches, the international branch and subsidiaries are in accordance with the law and other relevant legislation and the Bank's strategies, policies, principles and objectives; the effectiveness and adequacy of internal control and risk management systems within the framework of risk-based audit approach.

In line with the BRSA's Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, the Regulation on Audit of Bank Information Systems and Banking Processes to be Performed by Independent Audit Organizations, the Regulation on Information Systems and Electronic Banking Services of Banks, the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking, especially the Law on Banking, and other relevant external legislative provisions and the Bank's in-house regulations, the Bank's activities, transaction steps and work processes, which constitute the primary and secondary processes, were evaluated by the Board of Auditors in terms of accuracy, effectiveness and efficiency.

Activities of the Board of Inspectors in 2021 are presented below:

When 2021 internal audit plan was determined, risk-based audit and internal audit plan provisions of BRSA's Regulation of Internal Systems and Internal Capital Adequacy Assessment Process were observed.

When risks the Bank is exposed to in its operations and controls related with those risks are assessed by the Board of Inspectors, information and data were obtained from the departments at Headquarters and managers' opinions were considered. Based on these data and opinions risk assessment report and risk matrix were created. Consequently, departments, branches and business (banking) processes, information systems and other audit activities to be included in the scope of internal audit plan were determined.

Audits of branches, banking processes, information systems, Head Office departments, external/support service firms and others included in the internal audit plan were completed.

Internal audit activities and results conducted in accordance with the “internal audit reports” provisions of BRSA’s Regulation of Internal Systems and Internal Capital Adequacy Assessment Process were included in quarterly activity reports.

Reviews/investigation activities which were not included in the audit plan due to their nature and characteristics were conducted by the Board of Inspectors in detail when the cases subject to review / investigation were detected by or reported to the Board of Inspectors. Resulting reports were sent to the Head Office departments or related institutions.

Management Representation for 2021, which is prepared to give assurance on effectiveness, adequacy and compatibility of controls over information systems and banking processes, included reports on banking process audits, information systems audits and external/ support service companies’ audits.

During the audits conducted by the Board of Inspectors, compliance audits for interest-free banking principles and standards were performed as well. Results of these audits and actions taken as a result of outcomes were taken to the agenda of Audit Committee and Advisory Committee meetings.

Suspicious transactions which are caught in basic scenarios created within the scope of central audit activities are reviewed. Central audit activities will continue in 2022 with increased number and variety of scenarios.

In line with extensive precautions taken against coronavirus pandemic, remote working model applied in 2020 in our Bank continued at times when cases and risk of spread increased during 2021. Thanks to remote working model, audit activities of the Board of Inspectors continued without interruption with professional prudence and care even when the virus was widespread.

The web-based audit module, which is used in some of the subsidiaries within the Ziraat Finance Group, was adapted to our Bank and further developed, and has been actively used in the end-to-end audits of our branches as of the beginning of 2020.

With the second phase implemented in 2021, outcome analysis and reporting module was added and outcome tracking mechanism function was developed. As the result of developments planned for 2022, integration between the audit program and main banking software, and follow up of business (banking) processes and information systems audit results and results of review/ investigation activities over the audit program are targeted.

The Supervisory Board closely monitored the changes stipulated by the legislative regulations, the Banking Regulation and Supervision Agency decisions, the Bank’s Senior Management and the Headquarters units, and regularly revised the audit points.

With its activities, the value it generates and its recommendations, the Audit Board aims to contribute positively to the decision making processes of the Bank’s Senior Management.

Functioning of Internal Control and Compliance System

Internal Control and Compliance Directorate operations were determined based on the Bank’s strategy, objectives and policies as well as national and international legislation in terms of the following:

- Branches and Central Control,
- Head Office Control,
- Information Systems Control,
- Participation Banking Control and Compliance,
- AML/CFT Compliance,
- Regulatory Compliance

In addition to this, a proactive structure is adopted to provide compliance with changing strategy, risk perception and conditions on a timely basis.

THE AUDIT COMMITTEE'S ASSESSMENTS OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL AND COMPLIANCE, AND RISK MANAGEMENT SYSTEMS

The purpose of Internal Control activities is to ensure the protection of the Bank's assets, effective and efficient conduct of the operations, unity and reliability of the accountancy and reporting system and timely access to the information.

The Internal Control system was designed in a way to cover the Head Office Units, domestic branches, foreign branches and the subsidiaries subject to consolidation as per the provision of the Article 9, paragraph 3 of the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks", which is the "Internal Control system is designed to cover the domestic and foreign branches, headquarter units, the subsidiaries subject to consolidation and all activities of the bank".

The branch control activities are carried out remotely, on-site and from the center taking into consideration the Covid-19 circumstances and within the framework of the control programs prepared according to the opening dates of new branches, most recent reporting dates and periodical risk situations of current branches. In order to increase the risk and control awareness during the internal control activities of the branch and to prevent the losses arising from operational risks, the branch personnel were continuously informed.

Central control activities contributed to internal control culture across the Bank and establishment, development of the internal control system, prevention and reduction of risks

via early action and continuous monitoring function. In 2022, the Bank will continue to develop central control processes for proactive, effective and more efficient internal control activities.

In order to make control activities in branches more effective and efficient, they are performed over a web-based Control Module. Thanks to the Control Module, the Bank contributed to compliance of the Bank's operations with external legislation and competitive conditions.

Control activities conducted at the Head Office departments are determined based on regulations and other related legislation, bank policies, rules and banking practices, functions of units, risks, their impacts on the bank's balance sheet and job descriptions.

At Ziraat Participation, internal control activities were carried out on the following topics: functional segregation of duties; division of responsibilities; establishment of the accountancy and reporting system, the information system and the Bank's internal communication channels in a manner that they will operate effectively; the creation of work flow charts in which the controls on the Bank's work processes and work steps are indicated.

R&D studies are conducted in order to carry out technology-focused, central, and real-time internal control activities, and to help the relevant business units to take a rapid action against the common shortcomings.

In 2021, Recommendation Reports were continued to be prepared for the improvement of processes regarding the operations carried out in the Bank and the establishment of control points on these processes, which will be complied and implemented by the personnel from all levels, increasing the effectiveness of the controls on the processes, prevention of possible risks, ensuring customer satisfaction and taking cost reducing measures.

In addition to these issues, the compliance of all the activities, which are realized or planned to be realized by the Bank, and new transactions and products of the Bank with the Law and other relevant legislation, the Bank's in-house policies and rules and banking practices and customs are controlled.

Moreover, the legislation issued or amended is also examined within the Bank within the scope of compliance controls and the opinions formed are shared with the relevant work units.

Internal Control staff attended numerous trainings during the year for their professional development. In order to increase company-wide awareness for internal control activities, various trainings were organized for Bank employees and Internal Control staff has provided support for those trainings.

Within the framework of 18th article of Assessment Processes of the Banks' Internal System and Intrinsic Capital Adequacy,

compliance controls were carried out in line with the compliance activities. In this context, all the operations that the Bank performs or plans to perform with the new transactions and products were controlled in terms of their compliance to law and other relevant legislation, the Bank's internal policies and rules and the banking practices.

A compliance program was formed in accordance with the "Communiqué on Compliance with Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism". Activities aimed at preventing the laundering of proceeds of crime have been carried out in line with national and international regulations and standards. Accordingly, the Compliance Service Unit performs the functions of inspection, monitoring, reporting, analysis and control.

The Bank's Policy regarding the prevention of money laundering and financing of terrorism, to which the Bank's subsidiaries, foreign branch and other subsidiaries are also obliged to adhere, has been updated. Moreover, the Bank's employees are provided with face-to-face and online training regarding the prevention of laundering proceeds of crime and financing of terrorism to ensure they adopt compliance culture at global standards and implement this culture at their work and activities.

As a part of the Ziraat Finance Group, the units operating both in Turkey and abroad conduct their operations in accordance with the policies and procedures established by taking local and international regulations into account, in a manner which does not expose the Bank's products and services to any operational and reputational risk in the areas of money laundering or financing acts terrorism in accordance with local and international regulations.

Regular information sharing is carried out within the framework of the coordinated strategy which is executed regarding the compliance activities of foreign branches. In this context, compliance with AML/CFT regulation is observed at the Bank's foreign branch.

Advisory Committee Coordination Service conducted Advisory Committee Secretary and Compliance activities within the scope of Communiqué on Compliance with Interest-free Banking Principles and Standards effectively and efficiently.

As a result of all these activities, findings were shared with related departments of the Bank and Executive Management at certain periods.

Functioning of Risk Management System

The main purpose of Ziraat Participation risk management system is to ensure the definition, measurement, monitoring and control of the risks, to which the Bank is exposed, through the policies and the limits determined to monitor, control, and when necessary to change the operations' nature and level in relation to the risk-return structure that the future cash flows will include.

The main approach in the risk management activities, instilling risk culture across the Bank in accordance with the provisions of "Regulation on Banks' Internal System and Intrinsic Capital Adequacy Assessment Processes", to execute the risk management function with best practices by continuously improving the system and the human resources. The activities carried out within the framework of risk management system are given care to be carried out simultaneously with the contributions of the units that are included in the business line with which each risk type is related.

The risk management activities cover the basic headings of credit risk, market risk, operational risk, liquidity risk and other risks. The final objective is to comply with the best practices.

THE AUDIT COMMITTEE'S ASSESSMENTS OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL AND COMPLIANCE, AND RISK MANAGEMENT SYSTEMS

Within the framework of credit risk management activities, the activities for the definition, measurement, monitoring and reporting of the credit risk by using the methods in compliance with Basel II. In this context, the calculation of the amount subject to credit risk, which began legally as of 1 July 2012, is monthly reported to the BRSA in solo basis.

Due to the fact that our Bank became operational in May 2015, there is not adequate data for the measurement of credit worthiness in relation to the advance measurement methods. The credit risk limits approved by the Board are monitored; the activities to carry out scenario analysis and stress test regarding the credit portfolios are ongoing. Also, the compliance activities with the Basel III regulations and the regulations revised by the BRSA within the framework of Basel are continuing.

Operational risk management activities comprise the definition, classification, measurement, and analysis of the operational risks.

These activities are carried out as part of the Bank's "Operational Risk Management Regulation" that is prepared in accordance with the arrangements issued on 28 June 2012 by the BRSA to comply with Basel II. The compliance with the operational risk limits approved by the

Board, which are determined in order to manage operational risks, is periodically monitored. The risks stem from information technologies and the actions taken are also monitored. The risk assessments are carried out for the companies from which support services are procured within the framework of the BRSA's regulations that are currently in effect.

As part of operational risk, media analysis reports relevant to reputation risk and provided daily from the Bank's Corporate Communication Department are examined.

Within the scope of market and liquidity risks management, measurement, analysis, limiting, reporting and monitoring activities are carried out pertaining to liquidity risk and dividend rate risk stemming from banking calculations. The analyses conducted are supported with stress test. The compliance to the market and liquidity risk limits, which are approved by the Board and determined to manage the concerned risks, is periodically monitored.

Also, Value at Risk is calculated daily with the internal models regarding exchange risk as part of market risk and retrospective test analyses are carried out for these models.

IFRS 9 Expected Credit Loss calculations at Ziraat Participation are done by Risk Management and Probability of Default, Loss in Default and Default Amount models used in those calculations are developed, monitored and validated.

In addition to stress test analysis used in periodic reports, Stress Test reports and ISEDES reports are prepared to be sent to BRSA at year-ends and besides BRSA's scenario sets, equity and liquidity adequacy level is analyzed for the following three years in basis, adverse and extreme scenarios.

The results of the analyses carried out within the scope of risk management activities and risk indicators are reported annually to the Board of Directors, at three months periods to the Audit Committee, at weekly and daily periods to the operational units.

In order to increase the internal systems personnel's individual and occupational development, the personnel was ensured to attend internal and external training, conference and seminars, thus, their practical knowledge level is constantly being developed.

ZIRAAT PARTICIPATION'S FINANCIAL STANDING, PROFITABILITY AND SOLVENCY

Ziraat Participation, which started its activities in 2015 with the principle of “More as We Share”, carries out its activities with the aim of creating value for its customers and ensuring the efficient and sustainable growth of its customers by focusing on its customers with its strategy of increasing the share of participation banking in the sector.

In 2021, the total assets of Ziraat Participation increased by 63% to reach TL 98.3 billion. Loans constitute the highest share with 69% in total assets. At Ziraat Participation Bank, cash loans increased by 58% compared to

the previous year to reach TL 66.4 billion while non-cash loans increased by 86% compared to the previous year to stand at TL 29.6 billion. The Bank's equity, on the other hand, increased by 16% to TL 4.3 billion.

In line with the goal of providing widespread and low-cost resources to contribute to the savings balance of the national economy, funds collected increased by 68% in 2021 in comparison with 2020 year-end and reached TL 78 billion. Share of funds collected in balance sheet was 79%. Of the funds collected, 28% consists of private current account and 72% of participation account.

Ziraat Participation closed the year 2021 with a profit of TL 559 million with its principles of balanced growth sustainable financial performance and profitability. Profit share revenue at an amount of TL 6.3 billion is the most significant revenue item of the Bank. Profit share received from credits is the largest item in profit share revenues.

The Bank sustained its strong capital structure, high liquidity level and funding capability in 2020. Capital adequacy ratio was 14% in 2021.

RATIOS

%	December 2020	December 2021
Capital		
Capital Adequacy Ratio	14.8	14.0
Shareholders' Equity/Total Assets	6.2	4.4
Asset Quality		
Total Loans*/Total Assets	70.4	69.1
NPL (Gross)/Total Deposit*	2.7	2.5
Total Loans*/Total Deposit	91.3	87.2
Profitability		
Net Profit (Loss)/Average Total Assets	1.3	0.7
Net Profit (Loss)/Average Shareholders' Equity	18.5	13.9
Income-Expense Structure		
Profit Shares Income/Profit Shares Expense	197.4	131.9
Non-Profit Shares Income/Non-Profit Shares Expenses	33.7	39.3
Total Income/Total Expenses	119.6	104.5
Profit Shares Income/Total Income	86.6	88.9
Non-Profit Shares Income/Total Income	13.4	11.1
Profit Shares Expenses/Total Expenses	52.4	70.4
Non-Profit Shares Expenses/Total Expenses	47.6	29.6

*Excludes Funds Extended to Banks, includes Financial Leasing Receivables.

INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

Ziraat Participation risk management activities are continued under the basic approach of aligning the risk management function with the best practices by means of instilling risk culture, continuously improvement of the system and the human resources.

The risk management activities cover the main headings of credit risk, market risk, operational risk and balance sheet risks. Policy and application procedures regarding the afore-mentioned risks are governed by regulations approved by the Board of Directors on the basis of each risk type. Care is given to ensure that all risk management system activities are coordinated through the involved participation of the operational branches with which each type of risk is associated.

Within the scope of “Regulation on Banks’ Internal System and Intrinsic Capital Adequacy Assessment Processes”, an Intrinsic Capital Adequacy Assessment Process was formulated. The purpose of this process is to identify the required capital to cover the exposed/to be exposed risks and to set up a system that will enable the assessment of the capital requirements and levels compatible with strategic goals and the continuity of this system. Analyses are performed in line with BRSA principles and are further supported by means of risk-specific stress tests and scenario analyses.

Compliance to Basel III regulations are carried out within the framework of “Regulation on Measurement and Assessment of Banks’ Leverage Level” and “Regulation on the

Capital Conservation Buffer and Loop Capital”. Additionally, the compliance efforts to the regulation amendments made within the scope of Basel by the BRSA and thirteen “Best Practice Guides” published on the Institution’s web site are ongoing.

As part of Basel III liquidity criteria, the Liquidity Coverage Ratio Report is prepared within the scope of “Regulation on the Calculation of Banks’ Liquidity Coverage Ratio” and conveyed to the BRSA.

Credit Risk

Credit risk management includes presentation of credit risks of the Bank, definition of those risks, activities related with measurement, monitoring, control and reporting of those risks. The Bank calculates its risk weighted assets within the scope of 1st Structural Block within the framework of Regulation on Measurement and Evaluation of Capital Adequacy of Banks. In this context, amount subject to credit risk is reported to BRSA on a monthly basis as solo and consolidated. Within the scope of 2nd Structural Block, the Bank calculates annual general stress test in accordance with the Bank’s plans and scenarios and the Internal Capital Evaluation Process Report is prepared in coordination with the Bank Management and other departments.

Credit provisions were modeled in accordance with IFRS 9 and calculated based on related legislation.

The Leverage Ratio is conveyed to the BRSA and the CBRT in three-month periods.

The Company Assessment System is used in order to evaluate the credit worthiness of the customers who are in Ziraat Participation’s commercial portfolio. Credit risk limits and trigger values on the basis of risk groups and customer segments, which are approved by the Board of Directors, as well as limits and trigger values of non-performing loan ratio have been calculated. All these values are monitored on a weekly basis.

Market Risk

Risk measurement and monitoring activities are carried out in order to reveal the market risks to which Ziraat Participation may be exposed. The results of these activities are taken into account in the Bank’s strategic decision-making processes. The market risks and potential effects of the factors that create the risks are measured and regularly reported to the BRSA by Ziraat Participation.

The Standardized Approach methodology is used to calculate the Bank’s exposure to market risk, the amount of which is included in its mandatory capital adequacy ratio. Within the context of market risk, exchange risk is also calculated on a daily basis using a VaR-based internal model. The effectiveness of the models being used is also analyzed by means of back testing.

INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

In the conduct of its day-to-day operations, trigger values are monitored as part of the early-warning process that is carried out to protect Ziraat Participation's financial strength from being seriously affected by increases in market volatility. Risk exposure levels are kept within prescribed limits.

Operational Risk

Works for monitoring operational risks through the Operational Risk Loss Database are ongoing. The mandatory capital needed to cover the Ziraat Participation's operational risk exposure is calculated using the Basic Indicator Approach methodology. In order to create a basic integrated risk framework, IT-associated risks and the actions taken are also monitored.

As part of the Business Continuity Plan, "Business Impact Analyses" works are completed in order both to identify the risks that might arise if the Bank's operations are interrupted and to determine their potential consequences.

In order to ensure the continuity of outsourced support services, the risks that might arise from their procurement are assessed in light of "Regulation on the Outsourcing of Support Services by Banks" issued by the BRSA.

Balance Sheet Risks

Within the scope of balance sheet risks management, risk measurement and monitoring activities are carried out in order to reveal the Liquidity and Dividend Ratio arising from Banking Account risks that the Bank may encounter, and the results are taken into account in the strategic decision-making process of Ziraat Participation.

Compliance with mandatory ratios pertaining to liquidity and profit share rate risks arising from banking business accounts is also monitored. When carrying out the liquidity risk control; funding and lending maturity mismatches, assets' and liabilities' re-pricing as well as contractual maturities, the

level of primary (cash and cash-equivalent) liquidity reserves needed to conduct the Bank's normal day-to-day operations, Central Bank liquidity facilities to which recourse may be had in order to cope with unexpected liquidity requirements are monitored. In addition to the foregoing, scenario and sensitivity analyses regarding liquidity risk are performed.

Signal values are followed and risk levels are limit as part of early warning process to prevent the Bank's financial strength from increased volatility in the markets and mismatch that can be seen on cash inflows and outflows while carrying out daily activities.

SUMMARY BALANCE SHEET AND INCOME STATEMENT

(TL thousand)

	December 2017	December 2018**	December 2019	December 2020	December 2021
Assets					
Liquid Assets	1,922,270	2,794,983	3,810,683	10,273,948	18,639,347
Securities Portfolio	524,210	1,303,242	2,952,183	6,895,629	11,702,431
Loans*	11,374,744	17,739,425	28,991,184	42,206,410	66,399,920
Other Assets	528,919	351,153	638,123	811,009	1,570,894
Total Assets	14,350,143	22,188,803	36,392,173	60,186,996	98,312,592
Liabilities					
Funds Collected	10,024,595	15,151,908	25,457,245	46,386,150	77,933,897
Other Funds	2,645,856	4,232,433	6,010,284	8,625,463	12,605,353
Other Liabilities	276,011	586,689	1,757,817	1,441,110	3,451,607
Shareholders' Equity	1,403,681	2,218,583	3,166,827	3,734,273	4,321,735
Total Liabilities	14,350,143	22,188,803	36,392,173	60,186,996	98,312,592
Selected Income/Expenses					
Profit Shares Income	981,392	2,090,556	3,594,457	4,191,345	6,259,916
Profit Shares Expense	538,306	1,319,722	2,225,532	2,122,807	4,745,377
Profit Shares Income/Expense	443,086	770,834	1,368,925	2,068,538	1,514,539
Fees and Commissions Income/Expense	30,343	60,726	94,452	92,541	147,334
Trading Income/Loss (net)	11,556	57,781	69,478	83,310	214,813
Other Operating Income	2,663	80,212	159,008	268,144	551,638
Other Operating Expense	197,531	175,188	241,143	316,932	392,167
Provision Expense	90,143	256,021	579,415	1,168,068	988,603
Income Before Tax	199,974	414,549	705,300	792,482	730,171
Tax Provision	(41,072)	(91,884)	(188,565)	(153,920)	(171,482)
Net Profit/Loss	158,902	322,665	516,735	638,562	558,689

*Expected Loss Provisions and Non-Performing Receivables are included.

**Reported previous period figures are taken into account.

CREDIT RATING AGENCY'S NOTES

Rating Agency	Category	Credit Note	Date
Fitch Ratings	Long Term Foreign Currency Credit Note	B+	10 December 2021
	Short Term Foreign Currency Credit Note	B	
	Long Term Turkish Lira Credit Note	BB-	
	Short Term Turkish Lira Credit Note	B	
	National Long Term Credit Note	AA (tur)	
	Support	4	

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2021 WITH AUDITOR’S REPORT**

(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note. I. B of Section Three)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi

A. Audit of the Unconsolidated Financial Statements

1. Opinion

We have audited the accompanying unconsolidated financial statements of Ziraat Katılım Bankası Anonim Şirketi (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2021, unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

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

2. Basis for Opinion

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

(the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans and receivables</p> <p>The Bank has total expected credit losses for loans amounting to TL 1.734.896 thousand in respect to total loans amounting to TL 68.134.816 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2021. Explanations and notes related to expected credit losses provisions for loans are presented Section Three VII, Section Three VIII, Section Four II, Section Four IX-3, Section Five I.6 and Section Five II-8 in the accompanying unconsolidated financial statements as at 31 December 2021.</p> <p>The Bank recognizes provision for impairment in accordance with "IFRS 9 Financial Instruments" ("IFRS 9") requirements effective in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The effects of the COVID-19 outbreak increased the importance of these estimates and assumptions used by the Bank's management in determining the loan loss provisions as of 31 December 2021, and the uncertainties caused by these effects were taken into account in the calculation of expected credit loss using expert opinion.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank including the effects of COVID-19 outbreak within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Bank with IFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank's management in its expected credit losses calculations including the effects of the COVID-19 pandemic, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, loss given default model, and approaches in relation to projection of macroeconomic expectations including the effects of the COVID-19 outbreak with our financial risk experts.</p> <p>We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p> <p>Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p>We have checked selected models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</p>

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans and receivables</p> <p>The Bank uses complex models derived from more than one system to calculate the expected loan loss provision. Information including past events, current conditions and macroeconomic estimates which are taken into account in expected loss provision accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>For a selected sample, we checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Bank's determination of staging for credit risk within the framework of current regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.</p>

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

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

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM
Partner
Istanbul, 14 February 2022

UNCONSOLIDATED FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş. AS OF 31 DECEMBER 2021

The Bank's Headquarter Address : Hobyar Eminönü Mahallesi
Hayri Efendi Cad. Bahçekapı No: 12 34112 Fatih/İSTANBUL

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The unconsolidated financial report for the year ended prepared in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

Alpaslan ÇAKAR
Chairman of the Board

Fikrettin AKSU
Vice chairman of the BOD, Member of
the Audit Committee

Metin ÖZDEMİR
Member of the Board,
General Manager

Mahmut Esfa EMEK
Member of the Board,
Member of the Audit Committee

Osman KARAKÜTÜK
Vice President of Treasury
Management and International
Banking

Gürkan ÇAKIR
Head of Financial Management
Department

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

Name-Surname/Position : Mesut Küçük/Financial Reporting Manager

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Ziraat Katılım Bankası A.Ş.**NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION ONE**GENERAL INFORMATION ABOUT THE BANK****I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS**

Ziraat Katılım Bankası A.Ş. ("the Bank") is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 November 2014 with a capital of TL 675.000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 14 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by TL 72.000 from TL 675.000 to 747.000. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 13 June 2017, the paid-in capital of the Bank has been increased by the amount of cash by TL 500.000 and by increasing the amount of internal resources by TL 3.000 to TL 1.250.000. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised from TL 1.250.000 to TL 1.750.000 by increasing the amount of cash by TL 500.000.

Main operation field of the Bank is gathering funds by the accounts named as "Private Current Accounts" and "Participation Accounts to Profit and Loss" from domestic and abroad additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

The Bank can carry out every kind of banking, economic, trade and financial operation within the limits of permissions given by the Banking Regulation and Supervision Agency within the scope of Participation Banking fundamentals.

According to decision of the Banking Regulation and Supervision Agency dated 18 January 2019 and numbered 8210 of, with the framework Ziraat Katılım Bankası A.Ş. board of directors decisions no 6/1 dated 21 February 2019, The Parent Bank (Transferee) and Ziraat Finansal Kiralama A.Ş. (Acquired) are merged in accordance with relevant articles of the Turkish Commercial Code No. 6102. The merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

All of the shares of the of the Bank, Ziraat Katılım Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

As of 31 December 2021 and 31 December 2020, main shareholders and capital amounts as follows:

Name of Shareholders	31 December 2021		31 December 2020	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. ^(*)	1.750.000	99,9999996	1.750.000	99,9999996
Türkiye Sigorta A.Ş. ^(**)	-	0,0000001	-	0,0000001
Türkiye Hayat ve Emeklilik A.Ş. ^(**)	-	0,0000001	-	0,0000001
Ziraat Teknoloji A.Ş.	-	0,0000001	-	0,0000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	0,0000001
Total	1.750.000	100,00	1.750.000	100,00

^(*) All of the Bank's parent company T.C. Ziraat Bankası A.Ş. shares has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury ("Treasury") to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

^(**) Ziraat Sigorta A.Ş. was transferred to Turkey Wealth Fund under the name of Türkiye Sigorta A.Ş. on 27 August 2020. Ziraat Hayat ve Emeklilik A.Ş. was transferred to Turkey Wealth Fund under the name of Türkiye Hayat ve Emeklilik A.Ş. on 24 August 2020.

III. EXPLANATIONS ON THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGERS AND ASSISTANT GENERAL MANAGERS AND THEIR SHAREHOLDINGS IN THE BANK

Name	Title
Board of Directors	
Alpaslan ÇAKAR ^(*)	Chairman
Fikretin AKSU	Vice chairman of the BOD, Member of the Audit Committee, Member of Corporate Management Committee
Metin ÖZDEMİR	Member of the BOD, General Manager, Member of Pricing Committee, President of Credit Committee
Mahmut Esfa EMEK	Member of the BOD, Member of Audit Committee, Member of Pricing Committee, Associate Member of Credit Committee,
Ahmet BUÇUKOĞLU	Member of the BOD, Member of Credit Committee,
Hasan DURSUN	Member of the BOD, Member of Corporate Management Committee, Member of Credit Committee
Assistant General Manager	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Temel Tayyar YEŞİL ^(**)	Corporate Banking

^(*) He has been appointed as the Chairman of the Board of Directors as of 1 February 2022.

^(**) With the decision taken on 17 January 2022 regarding the organizational structure of the Bank, the name of the Branch Banking and Sales Management Assistant General Manager was changed to the Corporate Banking Assistant General Manager.

The Bank's Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Bank.

Ziraat Katılım Bankası A.Ş.**NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE BANK

Name/Trade Name	Share Amount	Shareholding Percentage	Paid Shares	Unpaid Shares
T.C. Ziraat Bankası A.Ş.	1.750.000	100,00	1.750.000	-
Total	1.750.000	100,00	1.750.000	-

V. EXPLANATIONS OF THE BANK'S SERVICES AND FIELD OF OPERATIONS

Operation field of Bank was declared in the prime contract within the scope of Banking Law and other legislation codes. The bank collects funds with the scope of Banking Principles and provide all type of cash, non-cash funds within the scope of Islamic banking principles in any case. Moreover, the Bank operates its participation banking operations to the extent permitted by the Legal Code, for the benefit of the society within the principles of the participation banking such as for the purpose of society.

The Bank sorts out participation accounts and participation accounts based on investment proxy contracts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to nine months (nine months included), maturity to one year (one year included) and maturity to one year or more (with dividend payment of one month, 3 months, six months and annually). Participation accounts based on investment proxies can be opened under the entire maturity group, with a maturity of less than one month.

As of 31 December 2021, the Bank operates with its 120 domestic branches (31 December 2020: 104 domestic branches, 1 abroad branch) and 120 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad. 1.529 employees domestically (31 December 2020: 1.261).

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

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION TWO

THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

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- II. Unconsolidated Statement of off-balance sheet commitments
- III. Unconsolidated Statement of profit or loss
- IV. Unconsolidated Statement of profit or loss and other comprehensive income
- V. Unconsolidated Statements of changes in shareholders' equity
- VI. Unconsolidated Statement of cash flows
- VII. Unconsolidated Statement of profit distribution

Ziraat Katılım Bankası A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	AKTİF VASSETS	Note (V-I)	Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (NET)		7.906.952	21.137.037	29.043.989	5.195.516	11.233.289	16.428.805
1.1	Cash And Cash Equivalents		3.074.376	15.564.971	18.639.347	419.033	9.854.915	10.273.948
1.1.1	Cash And Balances With Central Bank	(1)	3.066.213	12.224.478	15.290.691	409.579	5.067.541	5.477.120
1.1.2	Banks	(2)	9.647	3.340.493	3.350.140	12.394	4.787.374	4.799.768
1.1.3	Money Markets Placements		-	-	-	-	-	-
1.1.4	Provision for Expected Losses (-)		1.484	-	1.484	2.940	-	2.940
1.2	Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	1.795.316	1.795.316	980.872	-	980.872
1.2.1	Government Securities		-	1.795.316	1.795.316	980.872	-	980.872
1.2.2	Equity Securities		-	-	-	-	-	-
1.2.3	Other Financial Assets		-	-	-	-	-	-
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	4.819.812	3.769.758	8.589.570	3.767.367	1.378.365	5.145.732
1.3.1	Government Securities		4.151.159	3.769.758	7.920.917	3.276.744	1.378.365	4.655.109
1.3.2	Equity Securities		10.412	-	10.412	10.412	-	10.412
1.3.3	Other Financial Assets		658.241	-	658.241	480.211	-	480.211
1.4	Derivative Financial Assets	(5)	12.764	6.992	19.756	28.244	9	28.253
1.4.1	Derivative Financial Assets Measured at Fair Value Through Profit and Loss		12.764	6.992	19.756	28.244	9	28.253
1.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		36.662.193	31.065.684	67.727.877	29.455.349	13.530.498	42.985.847
2.1	Loans	(6)	33.940.247	24.648.305	58.588.552	27.553.401	10.670.016	38.223.417
2.2	Lease Receivables	(6)	4.090.120	5.456.144	9.546.264	2.851.377	2.284.842	5.136.219
2.3	Measured at Amortized Cost	(7)	-	1.327.957	1.327.957	-	779.437	779.437
2.3.1	Government Securities		-	1.327.957	1.327.957	-	779.437	779.437
2.3.2	Other Financial Assets		-	-	-	-	-	-
2.4	Expected Credit Losses (-)		1.368.174	366.722	1.734.896	949.429	203.797	1.153.226
III.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	307.881	-	307.881	75.240	-	75.240
3.1	Assets Held for Sale		307.881	-	307.881	75.240	-	75.240
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	100	-	100	100	-	100
4.1	Associates (Net)		-	-	-	-	-	-
4.1.1	Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	Subsidiaries (Net)		100	-	100	100	-	100
4.2.1	Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
4.2.2	Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3	Joint Ventures (Net)		-	-	-	-	-	-
4.3.1	Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2	Unconsolidated Joint-Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (NET)	(10)	301.045	874	301.919	177.601	363	177.964
VI.	INTANGIBLE ASSETS (Net)	(11)	223.839	-	223.839	161.257	-	161.257
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		223.839	-	223.839	161.257	-	161.257
VII.	INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		-	-	-	-	-	-
IX.	DEFERRED TAX ASSETS	(13)	301.329	-	301.329	108.597	-	108.597
X.	OTHER ASSETS	(14)	347.531	58.127	405.658	213.728	35.458	249.186
	TOTAL ASSETS		46.050.870	52.261.722	98.312.592	35.387.388	24.799.608	60.186.996

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

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	LIABILITIES	Note (V-II)	Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(1)	29.714.756	48.219.141	77.933.897	24.902.562	21.483.588	46.386.150
II.	FUNDS BORROWED	(2)	4.476.794	1.688.051	6.164.845	4.397.336	1.046.528	5.443.864
III.	MONEY MARKETS DEBTS	(3)	3.784.645	-	3.784.645	2.101.073	-	2.101.073
IV.	SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES	(6)	70.653	1.039	71.692	-	19.440	19.440
6.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		70.653	1.039	71.692	-	19.440	19.440
6.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII.	LEASE PAYABLES	(7)	194.453	10	194.463	111.946	15.688	127.634
VIII.	PROVISIONS	(8)	229.371	417.899	647.270	211.628	197.616	409.244
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserve for Employee Benefits		37.259	-	37.259	56.070	-	56.070
8.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4	Other Provisions		192.112	417.899	610.011	155.558	197.616	353.174
IX.	CURRENT TAX LIABILITY	(9)	350.441	-	350.441	96.490	142	96.632
X	DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XI.	LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
11.1	Held for Sale Purpose		-	-	-	-	-	-
11.2	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(12)	1.341.500	1.314.363	2.655.863	312.489	768.037	1.080.526
12.1	Loans		1.341.500	1.314.363	2.655.863	312.489	768.037	1.080.526
12.2	Other Debt Instruments		-	-	-	-	-	-
XIII.	OTHER LIABILITIES	(13)	920.890	1.266.851	2.187.741	571.531	216.629	788.160
XIV.	SHAREHOLDERS' EQUITY	(14)	4.345.743	(24.008)	4.321.735	3.734.357	(84)	3.734.273
14.1	Paid-in capital		1.750.000	-	1.750.000	1.750.000	-	1.750.000
14.2	Capital Reserves		261.513	-	261.513	261.513	-	261.513
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserve		261.513	-	261.513	261.513	-	261.513
14.3	Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(6.895)	-	(6.895)	(7.068)	-	(7.068)
14.4	Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		43.265	(24.008)	19.257	(9.259)	(84)	(9.343)
14.5	Profit Reserves		1.739.171	-	1.739.171	1.098.041	-	1.098.041
14.5.1	Legal Reserves		92.316	-	92.316	60.388	-	60.388
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		1.600.788	-	1.600.788	991.586	-	991.586
14.5.4	Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6	Profit or (Loss)		558.689	-	558.689	641.130	-	641.130
14.6.1	Prior Period Profit/Loss		-	-	-	2.568	-	2.568
14.6.2	Current Period Profit/Loss		558.689	-	558.689	638.562	-	638.562
	TOTAL LIABILITIES		45.429.246	52.883.346	98.312.592	36.439.412	23.747.584	60.186.996

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

Ziraat Katılım Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Note (V-III)	Thousands of Turkish lira					
			Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		10.306.712	24.268.204	34.574.916	9.924.766	13.934.400	23.859.166
I.	GUARANTEES AND WARRANTIES	(1)	8.271.172	21.332.293	29.603.465	6.839.282	9.076.488	15.915.770
1.1	Letters of Guarantee		8.236.824	13.823.025	22.059.849	6.691.971	5.882.397	12.574.368
1.1.1	Guarantees Subject to State Tender Law		361.062	6.175.690	6.536.752	190.927	1.696.645	1.887.572
1.1.2	Guarantees Given for Foreign Trade Operations		7.229.114	-	7.229.114	6.156.513	-	6.156.513
1.1.3	Other Letters of Guarantee		646.648	7.647.335	8.293.983	344.531	4.185.752	4.530.283
1.2	Bank Acceptances		-	33.018	33.018	-	7.687	7.687
1.2.1	Import Letter of Acceptance		-	33.018	33.018	-	7.687	7.687
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		20.348	5.053.199	5.073.547	40.077	1.340.566	1.380.643
1.3.1	Documentary Letters of Credit		20.348	5.053.199	5.073.547	40.077	1.340.566	1.380.643
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	Other Guarantees		14.000	2.419.706	2.433.706	98.155	1.841.367	1.939.522
1.7	Other Collaterals		-	3.345	3.345	9.079	4.471	13.550
II.	COMMITMENTS	(1)	1.386.946	313.520	1.700.466	564.143	97.454	661.597
2.1	Irrevocable Commitments		1.386.946	313.520	1.700.466	564.143	97.454	661.597
2.1.1	Forward asset purchase commitments		240.344	313.520	553.864	57.678	97.454	155.132
2.1.2	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3	Loan Granting Commitments		-	-	-	-	-	-
2.1.4	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.5	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6	Payment commitment for checks		448.457	-	448.457	268.625	-	268.625
2.1.7	Tax and Fund Liabilities from Export Commitments		22.637	-	22.637	16.428	-	16.428
2.1.8	Commitments for Credit Card Limits		141.095	-	141.095	48.071	-	48.071
2.1.9	Commitments for Credit Cards and Banking Services Promotions		265	-	265	1	-	1
2.1.10	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Other Irrevocable Commitments		534.148	-	534.148	173.340	-	173.340
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		648.594	2.622.391	3.270.985	2.521.341	4.760.458	7.281.799

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

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Note (V-III)	Thousands of Turkish lira					
			Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Fair value hedge		-	-	-	-	-	-
3.1.2	Cash flow hedge		-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		648.594	2.622.391	3.270.985	2.521.341	4.760.458	7.281.799
3.2.1	Forward Foreign Currency Buy/Sell Transactions		648.594	853.108	1.501.702	15.631	2.168.006	2.183.637
3.2.1.1	Forward Foreign Currency Transactions-Buy		39.918	673.050	712.968	14.299	1.068.995	1.083.294
3.2.1.2	Forward Foreign Currency Transactions-Sell		608.676	180.058	788.734	1.332	1.099.011	1.100.343
3.2.2	Other Forward Buy/Sell Transaction		-	1.769.283	1.769.283	2.505.710	2.592.452	5.098.162
3.3	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		70.066.806	20.237.127	90.303.933	49.071.158	9.620.414	58.691.572
IV.	ITEMS HELD IN CUSTODY		5.132.707	6.230.163	11.362.870	4.288.838	3.663.765	7.952.603
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3.396.918	259.899	3.656.817	3.456.809	-	3.456.809
4.3	Checks Received for Collection		1.527.859	411.526	1.939.385	763.292	105.777	869.069
4.4	Commercial Notes Received for Collection		207.655	51.962	259.617	66.130	47.052	113.182
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		275	1.433.786	1.434.061	2.607	611.077	613.684
4.8	Custodians		-	4.072.990	4.072.990	-	2.899.859	2.899.859
V.	PLEDGES RECEIVED		64.934.099	14.006.964	78.941.063	44.782.320	5.956.649	50.738.969
5.1	Marketable Securities		2.974.670	64.324	3.038.994	4.625.008	81.855	4.706.863
5.2	Guarantee Notes		3.295.056	462.109	3.757.165	1.730.425	202.551	1.932.976
5.3	Commodity		2.903.233	2.154.017	5.057.250	2.190.421	803.351	2.993.772
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		44.854.726	8.584.587	53.439.313	30.944.489	3.734.417	34.678.906
5.6	Other Pledged Items		10.906.414	2.741.927	13.648.341	5.291.977	1.134.475	6.426.452
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		80.373.518	44.505.331	124.878.849	58.995.924	23.554.814	82.550.738

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

Ziraat Katılım Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	INCOME/EXPENSE ITEMS	Note (V-IV)	Current Period 01/01-31/12/2021	Prior Period 01/01-31/12/2020
I.	PROFIT SHARE INCOME	(1)	6.259.916	4.191.345
1.1	Profit Share on Loans		4.717.524	3.138.707
1.2	Profit Share on Reserve Deposits		160.424	24.005
1.3	Profit Share on Banks		3.070	23.995
1.4	Profit Share on Money Market Placements		-	-
1.5	Profit Share on Marketable Securities Portfolio		801.333	608.569
1.5.1	Financial Assets Measured at Fair Value Through Profit/Loss		21.628	7.457
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		685.240	560.652
1.5.3	Financial Assets Measured at Amortised Cost		94.465	40.460
1.6	Financial Lease Income		553.946	379.390
1.7	Other Profit Share Income		23.619	16.679
II.	PROFIT SHARE EXPENSE	(2)	4.745.377	2.122.807
2.1	Expense on Profit Sharing Accounts		3.234.156	1.508.897
2.2	Profit Share Expense on Funds Borrowed		906.244	526.209
2.3	Profit Share Expense on Money Market Borrowings		570.506	63.603
2.4	Expense on Securities Issued		-	-
2.5	Lease Profit Share Expense		30.475	23.849
2.6	Other Profit Share Expenses		3.996	249
III.	NET PROFIT SHARE INCOME (I - II)		1.514.539	2.068.538
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		147.334	92.541
4.1	Fees and Commissions Received		232.252	204.648
4.1.1	Non-cash Loans		156.942	111.337
4.1.2	Other		75.310	93.311
4.2	Fees and commissions paid		84.918	112.107
4.2.1	Non-cash Loans		-	-
4.2.2	Other		84.918	112.107
V.	DIVIDEND INCOME	(3)	-	104
VI.	NET TRADING INCOME	(4)	214.813	83.310
6.1	Capital Market Transaction Gains/Losses		1.026	176.540
6.2	Gains/Losses From Derivative Financial Instruments		(65.861)	(75.588)
6.3	Foreign Exchange Gains/Losses		279.648	(17.642)
VII.	OTHER OPERATING INCOME	(5)	551.638	268.144
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2.428.324	2.512.637
IX.	EXPECTED CREDIT LOSSES (-)	(6)	958.562	994.213
X.	OTHER PROVISIONS (-)	(6)	30.041	173.855
XI.	PERSONNEL EXPENSES (-)		317.383	235.155
XII.	OTHER OPERATING EXPENSES (-)	(7)	392.167	316.932
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		730.171	792.482
XIV.	INCOME RESULTED FROM MERGERS		-	-
XV.	INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(9)	730.171	792.482
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	(171.482)	(153.920)
18.1	Current Tax Provision		(373.740)	(201.535)
18.2	Expense Effect of Deferred Tax (+)		(78.530)	(35.731)
18.3	Income Effect of Deferred Tax (-)		280.788	83.346
XIX.	NETOPERATING PROFIT/LOSS AFTER TAXES(XVI±XVII)	(11)	558.689	638.562
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses from Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Charge		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
XXV.	NET PROFIT/LOSS (XVIII+XXIII)	(12)	558.689	638.562
	Earnings per share income/loss (Full TL)		0,3193	0,3649

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period 01/01/2021-31/12/2021	Prior Period 01/01/202031/12/2020
I.	CURRENT PERIOD PROFIT/LOSS	558.689	638.562
II.	OTHER COMPREHENSIVE INCOME	28.773	(71.117)
2.1	Other Income/Expense Items not to be Reclassified to Profit or Loss	173	(4.703)
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	211	(5.738)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(38)	1.035
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	28.600	(66.414)
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	38.088	(85.243)
2.2.3	Gains/losses from Cash Flow Hedges	-	-
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(9.488)	18.829
III.	TOTAL COMPREHENSIVE INCOME (I+II)	587.462	567.445

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

Ziraat Katılım Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss		
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY							
PRIOR PERIOD							
31 DECEMBER 2020							
	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(2.365)	-
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(2.365)	-
IV. Total Comprehensive Income	-	-	-	-	-	(4.703)	-
V. Capital Increase by Cash	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes ^(*)	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-
Period End Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(7.068)	-
CURRENT PERIOD							
31 DECEMBER 2021							
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(7.068)	-
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-
2.1. Effect of Correction of Errors	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(7.068)	-
IV. Total Comprehensive Income	-	-	-	-	-	173	-
V. Capital Increase by Cash	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-
X. Increase/decrease by other Changes	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-
Period end Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(6.895)	-

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve

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

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

4. Exchange Differences on Translation

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

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

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

Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						
4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Shareholders' Equity
-	57.071	-	555.646	544.963	-	3.166.828
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	57.071	-	555.646	544.963	-	3.166.828
-	(66.414)	-	-	-	638.562	567.445
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	542.395	(542.395)	-	-
-	-	-	-	-	-	-
-	-	-	542.395	(542.395)	-	-
-	-	-	-	-	-	-
-	(9.343)	-	1.098.041	2.568	638.562	3.734.273
-	(9.343)	-	1.098.041	641.130	-	3.734.273
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(9.343)	-	1.098.041	641.130	-	3.734.273
-	28.600	-	-	-	558.689	587.462
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	641.130	(641.130)	-	-
-	-	-	-	-	-	-
-	-	-	638.562	(638.562)	-	-
-	-	-	2.568	(2.568)	-	-
-	19.257	-	1.739.171	-	558.689	4.321.735

Ziraat Katılım Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS

AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period 01/01/2021-31/12/2021	Prior Period 01/01/2020 -31/12/2020
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities)	1.476.308	229.435
1.1.1	Profit Share Income Received	5.319.303	4.093.676
1.1.2	Profit Share Expense Paid	(3.939.158)	(2.010.679)
1.1.3	Dividend Received	-	104
1.1.4	Fees and Commissions Received	284.498	204.648
1.1.5	Other Income	295.913	351.453
1.1.6	Collections from Previously Written-off Loans	370.638	319.521
1.1.7	Payments to Personnel and Service Suppliers	(317.383)	(235.155)
1.1.8	Taxes Paid	(155.112)	(39.475)
1.1.9	Others	(382.391)	(2.454.658)
1.2	Changes in Operating Assets and Liabilities	4.324.294	3.705.826
1.2.1	Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss	(978.818)	(1.151.690)
1.2.2	Net (Increase)/Decrease in Due From Banks And Other Financial Institutions	(5.165.109)	(4.076.802)
1.2.3	Net (Increase)/Decrease in Loans	(20.025.767)	(12.314.753)
1.2.4	Net (Increase)/Decrease in Other Assets	(4.566.804)	(1.833.975)
1.2.5	Net Increase/(Decrease) in Bank Funds	1.278.436	6.633.581
1.2.6	Net Increase/(Decrease) in Other Funds	30.198.802	14.295.325
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	6.961
1.2.8	Net Increase/(Decrease) in Funds Borrowed	575.835	(583.987)
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	3.007.719	2.731.166
I.	Net Cash Provided from Banking Operations	5.800.602	3.935.261
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	(3.174.968)	(2.858.439)
2.1	Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries	-	-
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries	-	-
2.3	Purchases of Tangible Assets	(183.248)	(111.502)
2.4	Disposals of Tangible Assets	8.310	-
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(6.580.875)	(2.501.066)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	3.580.845	-
2.7	Purchase of Financial Assets Measured at Amortized Cost	-	(231.687)
2.8	Sale of Financial Assets Measured at Amortized Cost	-	-
2.9	Other	-	(14.184)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	540.401	834.253
3.1	Cash Obtained from Funds Borrowed And Securities Issued	12.700.000	12.680.837
3.2	Cash Used For Repayment of Funds Borrowed And Securities Issued	(12.102.495)	(11.724.855)
3.3	Issued Equity Instruments	-	42.943
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(57.104)	(164.672)
3.6	Other	-	-
IV.	Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents	207.266	1.456.262
V.	Net Increase/(Decrease) In Cash And Cash Equivalents (I+II+III+IV)	3.373.301	3.367.337
VI.	Cash And Cash Equivalents At The Beginning Of The Period	4.686.157	1.403.426
VII.	Cash And Cash Equivalents At The End Of The Period	8.059.458	4.770.763

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

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period ⁽¹⁾ (31/12/2021)	Prior Period (31/12/2020)
I.	DISTRIBUTION OF PERIOD PROFIT		
1.1	Period Profit	730.171	792.482
1.2	Taxes Payable and Legal Obligations (-)	171.482	153.919
1.2.1	Corporate Tax (Income Tax)	373.740	153.919
1.2.2	Income Tax Deduction	-	-
1.2.3	Other Taxes and Legal Obligations	(202.258)	-
A.	NET PROFIT (1.1-1.2)	558.689	638.562
1.3	Previous Periods Loss (-)	-	-
1.4	First Order Legal Reserve (-)	-	31.928
1.5	Legal Funds Required to Leave and Save at the Bank (-)	-	-
B.	DISTRIBUTABLE NET PROFIT [(A- (1.3 + 1.4 + 1.5))]	558.689	606.634
1.6	First Dividend to Shareholders	-	-
1.6.1	To Shareholders	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	Participation in Redeemed Certificates	-	-
1.6.4	To Profit Participation Bonds	-	-
1.6.5	To Profit and Loss Sharing Certificate Holders	-	-
1.7	Dividend to Personnel (-)	-	-
1.8	Dividend to Board of Directors (-)	-	-
1.9	Second Dividend to Shareholders (-)	-	-
1.9.1	To Shareholders	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	Participation in Dividends	-	-
1.9.4	Profit Participation Bonds	-	-
1.9.5	Profit and Loss Sharing Certificate Holders	-	-
1.10	Second Legal Reserve Fund (-)	-	-
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves ⁽²⁾	-	609.202
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	Reserves Distributed	-	-
2.2	Second Order Legal Reserves (-)	-	-
2.3	Share to Shareholders (-)	-	-
2.3.1	Shareholders	-	-
2.3.2	To Privileged Stock Owners	-	-
2.3.3	Participation in Redeemable Certificates	-	-
2.3.4	To Profit Participation Bonds	-	-
2.3.5	To Profit and Loss Sharing Certificate Holders	-	-
2.4	Share to Personnel (-)	-	-
2.5	Share to the Board of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	Shareholders	-	0,3649
3.2	Shareholders (%)	-	36,4893
3.3	To Privileged Stock Owners	-	-
3.4	To Owners of Privileged Shares (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	Shareholders	-	-
4.2	Shareholders (%)	-	-
4.3	To Privileged Stock Owners	-	-
4.4	To Owners of Privileged Shares (%)	-	-

⁽¹⁾ Dividend distribution is realized with the decision of the General Assembly of the Bank, and as of the date the financial statements were prepared, the 2021 Ordinary General Assembly meeting has not been held yet.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards ("TAS") and "Regulation on Accounting Applications for Banks and Safeguarding of Documents"

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" ("Regulation") related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards 34 ("TAS 34") and Turkish Financial Reporting Standards ("TFRS") and (referred as "Turkish Accounting and Financial Reporting Regulations" or "Reporting Standards") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA").

The format and content of the publicly announced unconsolidated financial statements and their explanations and footnotes, with the "Communiqué on the Financial Statements to be Announced to Public by Banks" and the Announcements and Disclosures Related to These Communiqués published in the Official Gazette No. 28337 dated 28 June 2012. It has been prepared in accordance with. The Bank maintains its accounting records in Turkish currency in accordance with the Banking Law, Turkish Commercial Code and Turkish tax legislation.

Unless otherwise stated on the basis of historical cost, all balances are presented in thousands of Turkish lira ("TL"), except for the financial assets and liabilities shown at their fair values, on the basis of historical cost.

Preparation of financial statements requires making estimates and assumptions that affect the amounts of assets and liabilities reported or the contingent assets and liabilities disclosed as of the balance sheet date and the amounts of income and expenses reported in the relevant period. While these estimates are based on management's best judgment and knowledge, actual results may differ from these estimates. The assumptions and estimates used are explained in the related footnotes.

In the first half of 2020, various social and economic measures have been taken in order to reduce this negative situation in our country, as in other countries where the COVID-19 epidemic, which has spread globally, has been effective, and measures continue to be implemented with partial changes. The effects of the COVID-19 outbreak on the Bank's unconsolidated financial statements are regularly monitored by the risk monitoring units and the Bank's Management. In this context, the expected credit loss provisions recognized in the unconsolidated financial statements, the assumptions and judgments used in the estimation of these losses, and the fair value measurements within the scope of TFRS 13 Fair Value Measurement have been reviewed.

While preparing its financial statements as of 31 December 2021, the Bank has reflected the possible effects of the COVID-19 outbreak in the estimations and judgments used in the preparation of the financial statements. The Bank revised its macroeconomic expectations quarterly and reflected the calculations made in the light of these data, taking into account the default probabilities and the change in loss in case of default, to the financial statements prepared as of 31 December 2021. Estimates and assumptions used in the calculation of expected credit losses are explained in Note VIII of Section Three.

Benchmark Interest Rate Reform - Phase 2, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective January 1, 2021 was published in December 2020. The Bank has borrowed loans indexed to benchmark interest rates in its unconsolidated financial statements, and the relevant reform is not expected to have a significant impact.

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On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards. Accordingly, it has been stated that companies applying TFRS are not required to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. EXPLANATIONS ON USAGE STRATEGY OF FINANCIAL ASSETS AND FOREIGN CURRENCY TRANSACTIONS

The Bank's main field of activity; It covers banking services such as opening loans in all kinds of cash and non-cash Turkish Lira and foreign currency, conducting transactions in domestic and international money and capital markets, collecting Turkish Lira and foreign currency current/participation accounts. As of the reporting date, most of the Bank's resources consist of funds collected, loans received and equity. The Bank uses this resource mainly as loans and lease certificates. The liquidity structure of the Bank is taken into account in such a way that all liabilities that are due to be met can be met.

Foreign currency transactions are reflected in the records based on the Bank's foreign exchange buying rates at the date of the transaction. At the end of the period, the balances of foreign currency assets and liabilities have been converted into Turkish currency by being evaluated at the end of the period with the Bank's foreign exchange buying rates, and the exchange rate differences are reflected in the records as "foreign exchange transactions profit/loss".

The differences arising from the conversion of securities representing borrowing and monetary financial assets into Turkish Lira are included in the income statement. The Bank does not have any foreign currency differences.

In order to keep liquidity, exchange rate and credit risks within certain limits and to maximize profitability, the Bank's Balance Sheet and Equity management is taken within the risk limits by the Asset and Liability Committee determined by the Board of Directors in order to maximize profitability.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Based on the TAS 27 "Turkish Accounting Standard for Separate Financial Statements", Turkish Lira denominated investments in associates and subsidiaries are accounted at cost value and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if any. As of 22 January 2016, as a wholly owned subsidiary of the Bank, Ziraat Katılım Varlık Kiralama A.Ş. was established as a subsidiary. On 19 July 2017, the ZKB Varlık Kiralama A.Ş. was established with a capital of TL 50, which was fully paid by the Bank.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The Bank's derivative financial instruments consist of forward foreign currency buy/sell agreements.

Derivative financial instruments are initially recorded at their fair values. In the periods following the recording of derivative transactions; Depending on whether the fair value is positive or negative, the fair value difference of derivative financial assets is reflected to profit or loss or the fair value difference of derivative financial liabilities is reflected in the balance sheet. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and foreign exchange gain/loss in the commercial profit/loss item in the profit or loss statement.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their agreement amounts.

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V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

Profit share incomes are recognized in accordance with internal rate of return method. The bank started to calculate rediscounts for non-performing loans as of 1 January 2018. And the Bank calculates expense accrual in accordance with the unit value calculation method on participation accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

From commission income and expenses, banking, agency and brokerage services income and expenses are recognized as income/expense when they are collected or paid in accordance with TFRS 15 Revenue from Customer Contracts standard. Whereas, commission income from individual, corporate and entrepreneurial cash loans are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle.

Commissions and fees received from cash loans and relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet. Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments part three "Recognition and Derecognition". 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. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

The Bank classifies its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Financial instruments comprise financial assets and liabilities and derivative instruments. This classification is based on the contractual cash flow characteristics of the financial assets and related business model used for management of the financial assets at initial recognition. Financial assets basically constitute the commercial activities and operations of the Bank. These instruments have the feature of revealing, influencing and reducing the liquidity and credit risk in the financial statements.

Classification and Measurement Within the Scope of TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;

"Business Model Assessment" and "Contractual Cash Properties Test" are performed to determine the classification of financial assets.

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

Fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to "hold to collect" and "hold & sell" the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement.

Among the financial assets whose fair value difference is reflected in profit or loss, lease certificates traded in BIST are valued at the weighted average clearing prices formed in BIST at the balance sheet date, and financial assets not traded in BIST are valued with the prices of the Central Bank of Turkey. Gains and losses resulting from the valuation are included in the profit/loss accounts.

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b. Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with internal rate of return method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity investments

At the time of initial recording, the Bank recognizes that the fair value of an investment in an equity instrument within the scope of TFRS 9 is not held for commercial purposes or is a contingent consideration recognized in the financial statements of the acquirer in a business combination to which TFRS 3, "Business Combinations" applies. An irrevocable choice may be made to include the changes in the other comprehensive income statement. The Bank makes the said choice separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement cannot be transferred to profit or loss in the following periods, but are transferred to previous years' profit/loss. Dividends from such investments, on the other hand, are recognized as profit or loss, unless they clearly represent a recovery of part of the cost of the investment. Equity instruments at fair value through other comprehensive income are not subject to impairment calculation.

c. Financial assets measured at amortized cost:

The financial asset is considered a financial asset measured at amortized cost if the financial asset is held within the scope of a business model that aims to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that only include the principal and dividend payments arising from the principal balance on certain dates are classified.

Financial assets measured at amortized cost are initially recorded by adding transaction costs to their acquisition costs, which reflect their fair values, and are then measured at "amortized cost" using the internal rate of return. Profit share income related to financial assets measured at amortized cost is reflected in the profit or loss statement.

The Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include consumer price ("CPI") indexed lease certificates. The valuation of the mentioned assets during the year is made according to the internal yield method, based on the index created by taking into account the real profit share rates, the treasury reference index and the estimated inflation rate. The actual dividend payment amounts of these securities, and the index values announced by the treasury are used in the purchase and sale transactions and year-end valuations.

The Bank also updates the estimated inflation rate used throughout the year in case of necessity. At the end of the year, the actual inflation rate is used.

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Loans

Loans are financial assets that are originated by the Bank by providing goods and services to the borrower. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Internal Rate of Return Method".

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date.

Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date. Bank's loans are recognized under "Measured at Amortized Cost" account.

As of 31 December 2021, all loans of the Bank, including its profit-loss partnership (müşareke) investments, are followed in the "Measured by Amortized Cost" account. The profit and loss partnership (müşareke) and labor capital partnership investments followed by the Bank in the loans account according to the BRSA Uniform Chart of Accounts, with the BRSA's letter numbered E-43890421-010.07.01-1294, those that will be valued for the first time as of 31 December 2020 or from 1 January 2021 new implementation of "Interest-Free Finance Accounting Standard 3: Mudarebe Financing" or "Interest-Free Finance Accounting Standard 4: Müşareke Financing" for partnership financing funds in the form of "labor-capital partnership" (mudarebe) or "profit-loss partnership" (müşareke) accounted in accordance with the provision.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Bank sets aside the expected loss provision for its loans and receivables by taking into consideration the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" (Regulation on Provisions) published in the Official Gazette dated 22 June 2016 and numbered 29750. As of January 1, 2018, provision for impairment has been allocated in accordance with the provisions of TFRS 9. In this context, the Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables, contract assets, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

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

Provision for 12 month expected credit loss (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at their initial recognition or after the initial recognition to financial statements. Impairment for credit risk for these assets is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan.

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

Significant increase in credit risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and its transfer to the 2nd stage; being watch list, the number of days of delay being 30 days or more (Based on the BRSA's Decision dated September 16, 2021 and numbered 9795, those with a delay between 30 and 90 days as of October 1, 2021 continue to be classified as the 1st stage) and the internal early warning system rating of the Bank.

Default (Stage 3)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recorded.

The Bank assesses that debt is in default in the following two cases:

- Objective Default Definition: Means the debt is overdue for more than 90 days. With the debt being overdue by 90 days, the default starts on the 91st day (according to the BRSA's Decision dated September 16, 2021 and numbered 9795, those with a delay between 90 and 180 days as of October 1, 2021 continue to be classified as the 2nd stage).
- Subjective Default Definition: It means that the bank is convinced the debt will not be paid. In the event that the debtor cannot fulfill the debts related to the loan, the debtor is considered to be in default regardless of the number of delay days.

The collective valuation of financial instruments is based on homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section presents an overview of the risk parameter estimation methods for the damage assessment approach that is expected on a common basis for each stage.

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. An expected credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original effective dividend and discounted cash flows.

When cash flows are estimated, the following situations are considered.

- During the expected life of the financial instrument, all contractual terms of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

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Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time. In Default Probability models, sectoral information for the corporate portfolio are taken as the basis.

Default Amount

The default amount represents the expected gross receivable if a loan is defaulted.

Loss Given Default

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. When including macroeconomic information, models and estimations that reflect the relationships between model risk parameters and macroeconomic variables are taken into account. While creating the relevant models, the effects of many macroeconomic variables (Credit Default Swap (CDS), CPI, Unemployment rate, GDP, Industry Tracking Rates, Deposit Interest Turkey, etc.) are analyzed, among which variables that best reflect the default probabilities of our Bank's customers are used.

The Bank uses 3 scenarios for forward-looking expectations: base, bad and good. All 3 scenarios have predetermined weights. The Bank applies macroeconomic variables to its models by updating them every 3 months in March, June, September and December, which is used in the evaluation of the significant increase in credit risk and in the calculation of expected credit loss. As of 31 December 2021, macroeconomic variables, which are taken as a basis in the calculation of expected credit losses and including the effect of COVID-19 are reflected in the models.

The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

Write-off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no credit has been written-off by the Bank as of the reporting date.

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IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds. As of 31 December 2021, there are no securities lending transactions (31 December 2020: None). Securities sold under agreements for repurchase agreements ("Repos") are classified as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" and "Financial Asset Measured at Amortized Cost" in the portfolio of the bank, according to the purposes of the Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment ("Reverse Repo") are accounted in "Money Markets Receivables" on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

XI. INFORMATION ON NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

The assets acquired by the Bank due to its receivables are accounted for in accordance with "TFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations" in financial statement of the Bank.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. If the delay has occurred due to events or conditions beyond the control of the Bank and there is sufficient evidence that the Bank's plan to sell the related asset (or the group of assets to be disposed of) is still in progress, the said assets continue to be classified as held for sale.

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The properties acquired by the Bank due to receivables are shown in the line of held for sale in the financial statements depending on the termination of the term sales contract.

A discontinued operation is a division of a business that is classified as disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Bank does not have any discontinued operations.

As of 31 December 2021, the Bank's held for sale tangible assets is TL 307.881 (31 December 2020: TL 75.240).

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, the Bank has no goodwill within the financial statements.

Other 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 depreciation and the provision for value decreases.

Other intangible assets are amortized using the straight line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period.

The Bank recognizes its software costs incurred under the intangible assets - intangible rights account and the qualifying expenses are added to software's initial costs and amortized over 3-15 years considering the useful life.

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Property and equipment 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. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives. There is no change in the depreciation method applied in the current period.

Applied depreciation rates are as follows;

Vehicles and Fixtures:	2% - 25%
Operational Lease Improvement Costs (Leasehold Improvements):	Leasing Period - 5 years

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Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment 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. Gains or losses emerging from the disposal of tangible assets are recognized in the profit or loss account as difference between net revenue of a related intangible asset and its net book value.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Operational lease improvement costs (leasehold improvements) are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period.

There are no pledges, mortgages and other measures on tangible fixed assets, or commitments made for their purchase, or there is no restriction on the exercise of the right of disposition on them.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operational Leasing Transactions

Transactions as a lessee

At the beginning of a contract, the Bank evaluates whether the contract has a lease or does not include a lease. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use;

The Bank applies the "TFRS 16 - Leases" standard in the accounting of leasing transactions.

In accordance with the "TFRS 16 - Leases" standard, the Bank calculates the "right of use" amount based on the present value of the lease payments of the fixed asset subject to lease at the beginning of the lease and includes it in "tangible fixed assets".

The cost of the right-of-use asset 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 applying the cost method, the existence the right of use:

- a) Measures by deducting accumulated depreciation and accumulated impairment losses and
- b) The restatement of the lease obligation at the restated cost.

The Bank applies principle of amortization in TAS 16 Property, Plant and Equipment while depreciating the right of use.

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Lease Liabilities

At the date of the effective leasing of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at the time. Lease payments are discounted using the imputed rate of interest in the lease if they can be easily determined. If this rate cannot be easily determined, the Bank uses the Bank's alternative borrowing rate. Lease payments that are included in the measurement of the lease liability at the date the lease is commenced consist of the unpaid payments to be made for the right of use during the lease term of the underlying asset and the date on which the lease has actually begun.

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

- Increases the book value to reflect the rate of profit in the lease obligation,
- Reduces the book value to reflect the rent payments made and
- Re-assess the book value to reflect re-evaluations and reconstructions, or to reflect the lease payments that are fixed on the revised basis.

The profit for the lease obligation for each period in the lease term is the amount calculated by applying a fixed periodic rate of profit to the remaining balance of the lease obligation. The Participation Bank takes part as a lessor in leasing transactions. The Participation Bank indicates the assets subject to leasing as a receivable equal to the net lease investment amount in the balance sheet. The total of the lease payments is gross in the leasing receivables account including the dividends and principal amounts. The profit share, which is the difference between the total of the lease payments and the cost of the related fixed assets, is included in the unearned finance lease income account. As the lease payments are realized, the rent amount is deducted from the lease receivables account; the profit share is reflected in the statement of profit or loss by deducting from the unearned profit share income account.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding".

The Bank provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable. When a reliable estimate of the amount of obligation cannot be made, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

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.

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XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment termination and vacation benefits

Liabilities related to severance pay and right to leave calculated according to the regulations of the TAS 19 "Accounting Standard of Employee Benefits" and the Bank's liabilities related to future severance pay and right to leave calculated and reflected to the financial statements on the net present value.

According to the related regulation, the Bank is obliged to pay termination benefits depending on the arise of the legal conditions for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Employment Termination Benefit Provision ceiling). Employment Termination Benefit is calculated based on actuarial assumptions.

The Bank benefits from independent actuaries on determination of obligation and makes assumptions on discount rate, employee turnover rate, and future raise in salaries. As of 31 December 2021, the Bank's employee termination benefit is TL 26.259 (31 December 2020: TL 18.984).

Communiqué on "Turkish Accounting Standard ("TAS19") about Benefits for Employee (No: 9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority ("POA") on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 6.895 was classified under shareholders' equity in the financials. (31 December 2020: TL 7.068 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 31 December 2021 unused vacation liability of the Bank is TL 10.500 (31 December 2020: TL 7.250).

The Bank is not employing its personnel by means of limited-period contracts.

b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

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According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of "two years" in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as "four years" with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Based on the Council of Ministers' decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506.

As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2021 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

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XVII. EXPLANATIONS ON TAXATION

a. Current tax

Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, effective from January 1, 2006, the corporate tax rate applied at the rate of 20% for corporate earnings, With the provision in Articles 11 and 14 of the "Law on the Procedure for the Collection of Public Receivables and the Law on Amendments to Certain Laws" published in the newspaper, starting from the declarations that must be submitted as of 1 July 2021 and the taxation period starting from 1 January 2021 it has been rearranged as 25% for the corporate earnings for the 2021 fiscal period and 23% for the 2022 fiscal period, to be valid for the corporate earnings. The rate applied in the first period temporary tax return for the 2021 accounting period earnings is 20%, and this rate is applied as 25% as of the second period temporary tax return. The corporate tax rate is applied to the tax base to be found as a result of the addition of non-deductible expenses to the commercial earnings of the companies, the exemption (such as participation income exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney 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 no withholding tax incurs in such a case.

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%).

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This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which does not accrue on time because the applying exemption for the transfer of the expented part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, it has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years profit/loss account

b. Deferred tax

In accordance with TAS 12 "Turkish Accounting Standards Relating to Income Tax" and taking into account the additional regulation introduced by the Law No. 7316 of 22 April 2021, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. In accordance with the relevant law, the Corporate Tax rate has been increased to 25% for the taxation period starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021, and this rate will be applied as 23% for the period of 2022. As of 31 December 2020, deferred tax is calculated over 20%.

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Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of

the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Bank has 31 As of December 2021, deferred tax calculations were made based on rates varying between 20% and 23% on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

Calculated deferred tax assets and deferred tax liabilities are netted off in the unconsolidated financial statements.

The deferred tax effects of transactions accounted for directly in equity are also presented in equity.

As of 1 January 2018, deferred tax assets have been started to be calculated over the expected loss provisions that constitute temporary difference within the framework of TFRS 9 provisions. Deferred tax calculations are not made for free provisions.

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Bank recognizes its debt instruments in accordance with TFRS 9 "Financial Instruments" and all financial liabilities are carried at amortized cost by using effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings. There are no debt securities issued by the Bank. The Bank has issued borrowings as sukuk issuances, this through its subsidiary Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., these sukuk issuances are provided to the qualified investors without being released through an IPO and the bank takes place during this operation as a fund user.

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XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

As of the balance sheet date, the Parent Bank has not issued any shares.

XX. EXPLANATIONS ON ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Bank are presented in the "Off-Balance Sheet" commitments.

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

As of the balance sheet date, the Group does not have any government incentives.

XXII. RELATED PARTIES

Within the scope of TAS 24 "Related Party Disclosures Standard"; shareholders with qualified shares, enterprises that have joint control power or significant influence over the enterprise, subsidiaries, affiliates, business partnerships in which the enterprise is a participant, and key management personnel of the enterprise or its parent company are considered as related parties. Transactions with related parties are shown in Section Five, Note VII.

XXIII. EXPLANATION ON CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATION ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 "Turkish Accounting Standard about Operating Segments" together with organizational and internal reporting structure of the Bank, are disclosed in Note IX. of Section Four.

XXV. EXPLANATIONS ON OTHER MATTERS

None.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY

Equity amount and capital adequacy standard ratio, within the framework of "Regulation on Banks' Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" and in addition to these, the following regulations of the BRSA;

- In the calculation of the amount subject to credit risk within the framework of the regulation dated 16 September 2021 and numbered 9795; when calculating the valued amounts in foreign currency, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date can be used.
- In case the net valuation differences of the securities held by banks in the "Securities at Fair Value through Other Comprehensive Income" portfolio within the framework of the regulation dated 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount.

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The current period equity amount calculated as of 31 December 2021, taking into account the latest regulations, is 6.747.612 TL (31 December 2020: 4.704.364 TL), and the capital adequacy standard ratio is 14,02% (31 December 2020: 14,75%). The capital adequacy standard ratio of the Bank is above the minimum ratio determined by the relevant legislation.

Information related to the components of shareholders' equity:

	Current Period 31.12.2021	Prior Period 31.12.2020
Common Equity Tier 1 Capital		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.750.000	1.750.000
Share issue premiums	-	-
Reserves	1.739.171	1.098.041
Gains recognized in equity as per TAS	418.988	245.102
Profit	558.689	641.130
Current Period Profit	558.689	638.562
Prior Period Profit	-	2.568
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	4.466.848	3.734.273
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st 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	139.776	-
Improvement costs for operating leasing	33.991	21.363
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	223.839	161.257
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th 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 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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	Current Period 31.12.2021	Prior Period 31.12.2020
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	397.606	182.620
Total Common Equity Tier 1 Capital	4.069.242	3.551.653
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA (")	1.150.435	706.370
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
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	1.150.435	706.370
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	5.219.677	4.258.023
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA (")	1.300.000	300.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	229.704	149.669
Tier II Capital Before Deductions	1.529.704	449.669
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.529.704	449.669
Total Capital (The sum of Tier I Capital and Tier II Capital)	6.749.381	4.707.692

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	Current Period 31.12.2021	Prior Period 31.12.2020
Total of Original Capital and Supplementary Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50 th and 51 th 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 (-)	1.770	3.328
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 (-)	-	-
TOTAL CAPITAL		
Total Capital	6.747.612	4.704.364
Total risk weighted amounts	48.142.064	31.904.109
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	8,45	11,13
Tier 1 Capital Adequacy Ratio	10,84	13,35
Capital Adequacy Ratio	14,02	14,75
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,50	2,50
a) Capital conservation buffer requirement	2,50	2,50
b) Bank specific counter-cyclical buffer requirement	0,00	0,00
c) Systemic significant bank buffer ratio	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3,95	6,63
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 mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	229.704	149.669
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	229.704	149.669
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	-	-

Ziraat Katılım Bankası A.Ş.

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Information of the borrowing instruments to be included in equity calculation

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 300 Million
Par value of instrument	TL 300 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	29 March 2019
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	16,25%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

(*) Profit share for participation banks.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	16 April 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	18,00%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

^(*) Profit share for participation banks.

Ziraat Katılım Bankası A.Ş.**NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	17 November 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	17,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

(*) Profit share for participation banks.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital stock
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 1.150 Million
Par value of instrument	TL 1.474 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	24 April 2019
Perpetual or dated	Undated
Original maturity date	24 April 2019
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends ^(*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or unconsolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other Equal-Level Liabilities without order of preference, and iii. Before all payments within the scope of Low-Level Liabilities.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	In compliance with article number 7.

^(*) Profit share for participation banks.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Required explanations for the reconciliation between table of equity components and balance sheet:

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance sheet equity value	4.321.735	3.734.273
Equity value of balance sheet	(33.991)	(21.363)
Cost of development of operating lease	(223.839)	(161.257)
Goodwill and other intangible assets and related deferred tax liability	1.300.000	300.000
Debt instruments and premiums approved by BRSA	229.704	149.669
Tier II Capital	1.150.435	706.370
Debt instruments and premiums approved by BRSA - subordinated loans	(1.770)	(3.328)
Other values deducted from equity	5.338	-
Amount taken into consideration in the calculation of legal equity	6.747.612	4.704.364

II. EXPLANATIONS ON CREDIT RISK

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The authority to allocate loans mainly belongs to the Board of Directors, and the limits of the loan customers are determined within the framework of the credit authorization limits of the Head Office Credit Committee and the Board of Directors pursuant to the authority given by the Board of Directors. Limits are allocated by evaluating many factors such as financial and non-financial data of loan customers, loan needs, sectoral and geographical characteristics.

In terms of credit risk, the debtor or group of debtors are subject to risk limitations. The debtor and group of debtors and the risk limitations of the sectors are monitored weekly within the scope of their risk appetite.

The limits for the loan portfolio are determined with the approval of the Board of Directors and revised when necessary. The determined limits are distributed by the relevant Head Office units, taking into account the existing portfolio structure, customer and loan potential, regional and sectoral characteristics, and the competence of the staff.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

After the limit is allocated to customers in the commercial portfolio, companies continue to be monitored, and changes in the financial structures and market relations of the companies with funds are monitored.

Documents to be obtained during limit allocation and fund utilization are clearly stated in the legislation, and whether the said documents are obtained in accordance with the legislation is controlled by the inspection units. The Bank considers the collateral important in terms of minimizing the risk and its liquidation. As a result of the credit policies and processes based on obtaining reliable and robust guarantees, the Bank is believed to significantly reduce the credit risk.

The Bank implements the internal rating procedures for the analysis of the credit worthiness of its Corporate/Entrepreneurial loan customers as a decision support system in loan allocation.

The Bank makes provision in conformity with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries.

Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored.

The expected loss provision (third stage) is calculated for loans belonging to customers classified as non-performing loans in accordance with the the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", taking into account the guarantees received from the relevant customer.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 46,10% and 56,80% respectively (31 December 2020: 42,10% and 52,51%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 55,17% and 67,56% respectively (31 December 2020: 52,50% and 65,79%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 41,77% ve 53,11% respectively (31 December 2020: 44,95% and 56,14%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 397.184 (31 December 2020: TL 364.383)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and noncommercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Current Period								
31.12.2021								
Domestic	16.656.175	-	303.839	-	-	1.510.621	36.800.131	8.982.302
European Union Countries	-	-	-	-	-	308.509	-	703
OECD Countries ^(*)	-	-	-	-	-	736.779	283	-
Off-shore Banking Regions	-	-	-	-	-	-	198.913	-
USA, Canada	-	-	-	-	-	204.224	-	-
Other Countries	-	-	-	-	-	251.110	101.644	8
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ^(**)	-	-	-	-	-	-	-	-
Total	16.656.175	-	303.839	-	-	3.011.243	37.100.971	8.983.013

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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

^(**) Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and noncommercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Prior Period								
31.12.2020								
Domestic	8.707.427	-	267.687	-	-	4.095.017	25.524.179	6.324.480
European Union Countries	-	-	-	-	-	855.147	549	6.786
OECD Countries ^(*)	-	-	-	-	-	13.521	-	75
Off-shore Banking Regions	-	-	-	-	-	160	-	-
USA, Canada	-	-	-	-	-	44.795	-	74
Other Countries	-	-	-	-	-	59.865	72.500	5.085
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ^(**)	-	-	-	-	-	-	-	-
Total	8.707.427	-	267.687	-	-	5.068.505	25.597.228	6.336.500

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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

^(**) Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Shortterm receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
	6.424.970	257.585	13.994	-	-	-	-	1.250.969	72.200.586
	-	-	31	-	-	-	-	-	309.243
	-	-	-	-	-	-	-	-	737.062
	-	-	-	-	-	-	-	-	198.913
	-	-	-	-	-	-	-	-	204.224
	-	-	63.692	-	-	-	-	-	416.454
	-	-	-	-	-	-	-	100	100
	-	-	-	-	-	-	-	-	-
	6.424.970	257.585	77.717	-	-	-	-	1.251.069	74.066.582

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Shortterm receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
	4.366.671	258.567	-	-	-	-	-	584.743	50.128.771
	2.141	-	-	-	-	-	-	-	864.623
	6	-	-	-	-	-	-	-	13.602
	-	-	-	-	-	-	-	-	160
	82	-	-	-	-	-	-	-	44.951
	599	-	104.158	-	-	-	-	-	242.207
	-	-	-	-	-	-	-	100	100
	-	-	-	-	-	-	-	-	-
	4.369.499	258.567	104.158	-	-	-	-	584.843	51.294.414

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Risk Profile by Sectors or Counter parties

Current Period 31.12.2021 Sectors/Counter Parties	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and uncondi- tional receivables from regional or local govern- ments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and uncondi- tional receivables from multilateral develop- ment banks	Conditional and uncondi- tional receivables from international organisations	Conditional and uncondi- tional receivables from banks and brokerage houses	Conditional and uncondi- tional corporate receivables	Conditional and uncondi- tional retail receivables
Agriculture	-	-	1	-	-	-	275.496	157.357
Farming and Stockbreeding	-	-	1	-	-	-	233.062	107.159
Forestry	-	-	-	-	-	-	16.123	42.755
Fishing	-	-	-	-	-	-	26.311	7.443
Manufacturing	-	-	264.623	-	-	-	19.876.548	3.043.074
Mining and Quarrying Production	-	-	-	-	-	-	651.795	47.732
Manufacturing Industry	-	-	110.642	-	-	-	16.947.803	2.906.060
Electric, Gas and Water	-	-	153.981	-	-	-	2.276.950	89.282
Construction	-	-	11	-	-	-	6.190.130	1.178.981
Services	16.656.175	-	39.204	-	-	3.011.243	10.505.849	3.160.795
Wholesale and Retail Trade	-	-	150	-	-	-	4.545.540	2.385.496
Hotel Food and Beverage Services	-	-	32	-	-	-	542.837	102.689
Transportation and Telecommunication	-	-	-	-	-	-	1.207.244	203.945
Financial Institutions	16.656.175	-	89	-	-	3.011.243	907.090	2.069
Real Estate and Leasing Services	-	-	14.547	-	-	-	2.724.031	347.904
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	40	-	-	-	42.869	28.769
Health and Social Services	-	-	24.346	-	-	-	536.238	89.923
Other	-	-	-	-	-	-	252.948	1.442.806
Total	16.656.175	-	303.839	-	-	3.011.243	37.100.971	8.983.013

Risk Classes											
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables		TL	FC	Total
31.012	866	-	-	-	-	-	-	382.265	82.467	464.732	
26.201	859	-	-	-	-	-	-	318.462	48.820	367.282	
2.465	7	-	-	-	-	-	-	57.283	4.067	61.350	
2.346	-	-	-	-	-	-	-	6.520	29.580	36.100	
1.044.607	62.238	-	-	-	-	-	-	9.260.751	15.030.339	24.291.090	
34.012	492	-	-	-	-	-	-	206.180	527.851	734.031	
984.553	61.660	-	-	-	-	-	-	8.429.735	12.580.983	21.010.718	
26.042	86	-	-	-	-	-	-	624.836	1.921.505	2.546.341	
977.025	56.910	-	-	-	-	-	-	5.250.839	3.152.218	8.403.057	
1.275.394	135.592	63.858	-	-	-	-	-	18.057.702	16.790.408	34.848.110	
684.572	120.425	51	-	-	-	-	-	5.676.336	2.059.898	7.736.234	
112.839	546	7	-	-	-	-	-	432.880	326.070	758.950	
26.092	9.578	-	-	-	-	-	-	354.828	1.092.031	1.446.859	
6.695	2	63.654	-	-	-	-	-	8.225.721	12.421.296	20.647.017	
368.928	4.126	35	-	-	-	-	-	2.844.699	614.872	3.459.571	
-	-	-	-	-	-	-	-	-	-	-	
57.362	915	-	-	-	-	-	-	114.554	15.401	129.955	
18.906	-	111	-	-	-	-	-	408.684	260.840	669.524	
3.096.932	1.979	13.859	-	-	-	-	-	1.251.069	4.670.600	1.388.993	6.059.593
6.424.970	257.585	77.717	-	-	-	-	-	1.251.069	37.622.157	36.444.425	74.066.582

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Prior Period 31.12.2020 Sectors/Counter Parties	Risk Classes							
	Conditional and uncondi- tional receivables from central governments or central banks	Conditional and uncondi- tional receivables from regional or local gover- nments	Conditional and uncondi- tional receivables from adminis- trative units and non- commercial enterprises	Conditional and uncondi- tional receivables from multilateral develop- ment banks	Conditional and uncondi- tional receivables from international organisations	Conditional and uncondi- tional receivables from banks and brokerage houses	Conditional and uncondi- tional corporate receivables	Conditional and uncondi- tional retail receivables
Agriculture	-	-	-	-	-	-	198.878	134.867
Farming and Stockbreeding	-	-	-	-	-	-	164.440	106.604
Forestry	-	-	-	-	-	-	10.168	19.379
Fishing	-	-	-	-	-	-	24.270	8.884
Manufacturing	-	-	232.935	-	-	-	12.589.802	2.142.431
Mining and Quarrying Production	-	-	-	-	-	-	390.530	23.871
Manufacturing Industry	-	-	232.935	-	-	-	11.410.574	2.085.729
Electric, Gas and Water	-	-	-	-	-	-	788.698	32.831
Construction	-	-	-	-	-	-	4.081.413	892.080
Services	8.707.427	-	34.752	-	-	5.068.505	8.238.272	2.582.413
Wholesale and Retail Trade	-	-	216	-	-	-	4.208.885	2.014.549
Hotel Food and Beverage Services	-	-	-	-	-	-	270.435	66.012
Transportation and Telecommunication	-	-	-	-	-	-	1.056.587	140.483
Financial Institutions	8.707.427	-	-	-	-	5.068.505	604.869	5.252
Real Estate and Leasing Services	-	-	20.836	-	-	-	1.696.450	263.628
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	48.585	19.292
Health and Social Services	-	-	13.700	-	-	-	352.461	73.197
Other	-	-	-	-	-	-	488.863	584.709
Total	8.707.427	-	267.687	-	-	5.068.505	25.597.228	6.336.500

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Risk Classes											
	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	TL	FC	Total
	19.600	986	-	-	-	-	-	-	258.757	95.574	354.331
	18.558	860	-	-	-	-	-	-	217.874	72.588	290.462
	1.042	126	-	-	-	-	-	-	29.664	1.051	30.715
	-	-	-	-	-	-	-	-	11.219	21.935	33.154
	432.093	88.841	-	-	-	-	-	-	7.461.418	8.024.684	15.486.102
	38.652	1.226	-	-	-	-	-	-	250.483	203.796	454.279
	369.386	87.443	-	-	-	-	-	-	6.857.675	7.328.392	14.186.067
	24.055	172	-	-	-	-	-	-	353.260	492.496	845.756
	577.461	107.024	-	-	-	-	-	-	4.193.742	1.464.236	5.657.978
	908.330	61.320	104.158	-	-	-	-	-	12.534.325	13.170.852	25.705.177
	557.651	53.714	-	-	-	-	-	-	5.448.425	1.386.590	6.835.015
	40.872	435	-	-	-	-	-	-	184.589	193.165	377.754
	21.772	1.012	-	-	-	-	-	-	286.709	933.145	1.219.854
	11.100	-	104.158	-	-	-	-	-	4.464.022	10.037.289	14.501.311
	211.819	4.441	-	-	-	-	-	-	1.795.336	401.838	2.197.174
	-	-	-	-	-	-	-	-	-	-	-
	52.394	1.717	-	-	-	-	-	-	100.566	21.422	121.988
	12.722	1	-	-	-	-	-	-	254.678	197.403	452.081
	2.432.016	395	-	-	-	-	-	584.843	3.137.322	953.504	4.090.826
	4.369.500	258.566	104.158	-	-	-	-	584.843	27.585.564	23.708.850	51.294.414

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Analysis of maturity-bearing exposures according to remaining maturities

Current Period (31.12.2021)	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	8.899.329	1.226.798	28.463	508.003	5.993.582
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	39.525	33	142	155.059	109.080
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	2.800.637	181.281	10.233	13.650	5.442
Conditional and unconditional exposures to corporates	1.535.508	2.598.258	5.982.023	6.065.324	20.919.858
Conditional and unconditional retail exposures	206.877	536.057	887.531	1.375.218	5.977.330
Conditional and unconditional exposures secured by real estate property	35.542	211.487	218.071	350.360	5.609.510
Past due receivables	257.585	-	-	-	-
Receivables defined in high risk category by BRSA	63.830	26	-	-	13.861
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	1.251.069	-	-	-	-
Grand Total	15.089.902	4.753.940	7.126.463	8.467.614	38.628.663

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Prior Period (31.12.2020)	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	3.347.758	165.173	157.858	725.478	4.311.160
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	20.047	158.642	20.955	68.043
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	4.870.053	181.554	11.422	-	5.476
Conditional and unconditional exposures to corporates	1.043.046	1.604.856	1.118.030	2.293.553	19.537.743
Conditional and unconditional retail exposures	359.541	166.441	257.891	515.412	5.037.215
Conditional and unconditional exposures secured by real estate property	21.354	49.906	66.697	259.680	3.971.863
Past due receivables	258.566	-	-	-	-
Receivables defined in high risk category by BRSA	104.158	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	584.843	-	-	-	-
Grand Total	10.589.319	2.187.977	1.770.540	3.815.078	32.931.500

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counter parties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

Rating grades;

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Governments
3. Receivables from Administrative Units and Non-Commercial Enterprises
4. Receivables from Banks and Intermediary Institutions are used in risk classes.

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In the risk classes of Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments, and Receivables from Administrative Units and Non-Commercial Initiatives, the grade given by Fitch Ratings International Rating Agency corresponds to the credit quality level 3, while the grades used in the Credit from Banks and Intermediary Institutions risk class match with all credit quality levels from 1 to 6.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

Exposures by risk weights:

Current Period													
	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	20.207.158	-	2.863.858	3.438.597	3.440.949	8.978.381	38.089.263	78.047	-	-	-	257.830
2	Exposures after Credit Risk Mitigation	23.470.227	-	3.612.076	3.438.597	3.977.651	7.046.629	35.473.026	78.047	-	-	-	257.830

Prepared with the numbers after conversion rate to credit.

Prior Period													
	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	11.202.029	-	5.288.936	2.650.350	2.001.044	6.336.500	26.206.349	104.501	-	-	-	182.620
2	Exposures after Credit Risk Mitigation	15.629.854	-	5.779.142	2.650.350	2.501.787	3.633.282	23.490.793	104.501	-	-	-	182.620

Prepared with the numbers after conversion rate to credit.

Information in terms of major sectors and type of counter parties

Impaired Loans; These are loans that are overdue for more than 90 days as of the end of the reporting period or are deemed to be impaired due to their credibility. For these loans, "Expected Credit Loss" (Third Stage) calculation is made within the scope of TFRS 9.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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Non-Performing Loans; Loans that are overdue up to 90 days as of the end of the reporting period, but are not impaired. For these loans, "Expected Credit Loss" (Second Stage) calculation is made within the scope of TFRS 9.

	Loans		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	2 nd and 3 rd Stage Loan Provisions
Current Period 31.12.2021			
Agriculture	17.796	26.015	21.555
Farming and Stockbreeding	14.784	19.738	17.214
Forestry	3.012	5.822	3.922
Fishery	-	455	419
Manufacturing	657.238	563.405	537.580
Mining and Quarrying	132.450	13.290	34.405
Production	524.788	545.626	499.178
Electricity, Gas and Water	-	4.489	3.997
Construction	871.192	548.207	479.480
Services	701.955	555.593	462.575
Wholesale and Retail Trade	248.013	467.435	380.130
Accommodation and Dining	14.427	2.561	6.658
Transportation and Telecom.	26.012	44.495	32.946
Financial Institutions	124.897	5.146	4.531
Real Estate and Rental Services	192.190	23.503	26.596
Professional Services	342	174	97
Educational Services	5.781	125	160
Health and Social Services	90.293	12.154	11.457
Other	49.427	5.756	5.491
Total	2.297.608	1.698.976	1.506.681

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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	Loans		Provisions
	Impaired (TFRS 9)		
Prior Period 31.12.2020	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	2 nd and 3 rd Stage Loan Provisions
Agriculture	13.807	18.201	16.964
Farming and Stockbreeding	13.807	13.518	13.489
Forestry	-	3.815	2.760
Fishery	-	868	715
Manufacturing	685.651	497.187	416.676
Mining and Quarrying	107.655	15.971	35.716
Production	577.996	475.769	377.024
Electricity, Gas and Water	-	5.447	3.936
Construction	212.835	404.887	268.168
Services	834.792	256.344	318.380
Wholesale and Retail Trade	702.366	185.849	253.685
Accommodation and Dining	9.615	2.782	1.933
Transportation and Telecom.	12.656	29.489	28.207
Financial Institutions	4.719	-	50
Real Estate and Rental Services	58.429	30.441	24.888
Professional Services	632	502	268
Educational Services	3.714	52	128
Health and Social Services	42.661	7.229	9.221
Other	4.619	4.439	4.720
Total	1.751.704	1.181.058	1.024.908

Information about Value Adjustment and Change in Provisions:

Current Period ^(*) 31.12.2021		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Provisions	788.843	636.218	(87.349)	-	1.337.712
2	Stage 1 and 2 Provisions	364.383	256.117	(223.316)	-	397.184
Prior Period ^(*) 31.12.2020		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Provisions	467.773	434.862	(113.792)	-	788.843
2	Stage 1 and 2 Provisions	106.073	307.281	(48.971)	-	364.383

(*) Provisions for expected losses allocated for financial lease receivables are included.

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The table below shows the maximum credit sensitivity of the financial statement items.

	Current Period 31.12.2021	Prior Period 31.12.2020
Financial Assets at Fair Value Through Profit/Loss	1.795.316	980.872
Banks	3.350.140	4.799.768
Money Markets Receivables	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.579.158	5.145.732
Financial Assets Measured at Amortised Cost	1.327.957	779.437
Loans Given	56.853.656	38.223.417
Financial lease receivables	9.546.264	5.136.219
Other Assets	16.860.101	7.038.543
Credit risk sensitivity of balance sheet items	98.312.592	62.103.988
Guarantees and Sureties	29.603.465	15.915.770
Commitments	1.146.602	661.597
Credit risk sensitivity of off-balance sheet items	30.750.067	16.577.367
Total credit risk sensitivity	129.062.659	78.681.355

Information on credit quality by financial asset class:

	Current Period			Prior Period		
	Not Overdue and Not Impaired	Overdue and Not Impaired	Total	Not Overdue and Not Impaired	Overdue and Not Impaired	Total
Financial Assests						
Banks	3.350.140	-	3.350.140	4.799.768	-	4.799.768
Financial Assets at Fair Value Through Profit/Loss	1.795.316	-	1.795.316	980.872	-	980.872
Loans Given:	64.138.232	2.297.608	66.435.840	40.426.874	1.751.704	42.178.578
Corporate/Entrepreneurial Loans	58.791.156	2.248.184	61.039.340	35.935.620	1.745.593	37.681.213
Personal Loans	5.347.076	49.424	5.396.500	4.491.254	6.111	4.497.365
Specialized Loans	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.589.570	-	8.589.570	5.145.732	-	5.145.732
Financial Assets Measured at Amortised Cost	1.327.957	-	1.327.957	779.437	-	779.437

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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III. RISKS INCLUDED CAPITAL CAPACITY BUFFER CALCULATIONS

According to the Board decision published by the BRSA, the transactions between banks are not included in the Cyclical Capital Buffer rate calculation. In this context, as of December 31, 2021, the cyclical capital buffer ratio, which is calculated as a result of the Bank's receivables from abroad, other than Banks, is 0%. The geographical distribution of receivables from the private sector, which is taken into account in the calculation of the cyclical capital buffer specific to the bank, is explained in the table below:

Current Period 31.12.2021			
Country	Banking accounts RWA	Trading accounts RWA	Total
Marshall Island	143.164	-	143.164
United Arab Emirates	92.340	-	92.340
Saudi Arabia	1.861	-	1.861
England	283	-	283
Germany	57	-	57
Jordan	38	-	38
Somalia	25	-	25
Egypt	1	-	1
Holland	1	-	1
Prior Period 31.12.2020			
Country	Banking accounts RWA	Trading accounts RWA	Total
United Arab Emirates	56.903	-	56.903
Germany	5.256	-	5.256
Saudi Arabia	1.568	-	1.568
England	712	-	712
Egypt	373	-	373
Bulgaria	152	-	152
Northern Cyprus Turkish Republic	100	-	100
France	85	-	85
USA	84	-	84
Senegal	75	-	75
Somalia	69	-	69
Switzerland	56	-	56
Jordan	40	-	40
Norway	2	-	2
Mauritania	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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IV. EXPLANATIONS ON CURRENCY RISK

a) Whether the Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors

The Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. In addition to monitoring the currency risk through the currency risk table created within the scope of the standard method, the "Value at Risk" ("VAR") is calculated for the purpose of monitoring the foreign currency position at the Bank.

Moreover, dealer's positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:

None.

c) Foreign currency risk policy:

Periodic "Liquidity Gap Analysis" is performed to determine the liquidity risks in the most important foreign currencies in which the Bank operates, the US Dollar and Euro. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

d) Current foreign exchange bid rates of the Bank for the last 5 business days prior to the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
31.12.2021	12,9950	14,7400	9,3871	1,9721	1,4250	14,1877	10,1357	1,4639	17,5625	3,4349	11,1800
30.12.2021	12,9291	14,6498	9,3485	1,9605	1,4237	14,1220	10,0133	1,4613	17,4657	3,4175	11,1210
29.12.2021	12,4830	14,1655	9,0011	1,8959	1,3746	13,6168	9,6467	1,4126	16,8243	3,2991	10,7690
28.12.2021	11,7016	13,2284	8,4342	1,7703	1,2841	12,7227	9,0513	1,3224	15,7349	3,0919	10,0880
27.12.2021	11,2286	12,7196	8,0743	1,7021	1,2259	12,2071	8,6753	1,2620	15,0764	2,9672	9,6880
24.12.2021	11,3500	12,8514	8,1582	1,7197	1,2364	12,3217	8,7663	1,2764	15,2111	2,9996	9,8240

e) Simple arithmetic average of the Bank's current foreign exchange bid rates for the last 30 days prior to the balance sheet date:

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
13,5260	15,2897	9,6293	2,0460	1,4799	14,6615	10,4666	1,4986	17,9932	3,5771	11,7700

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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Information on the foreign currency risk of the Bank

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	4.122.307	6.317.891	1.784.280	12.224.478
Banks	490.489	1.464.457	1.385.547	3.340.493
Financial assets at fair value through profit and loss ^(****)	-	-	1.795.316	1.795.316
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	221.737	3.548.021	-	3.769.758
Loans ^(*)	15.220.383	14.751.480	-	29.971.863
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	1.327.957	-	-	1.327.957
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	-	874	874
Intangible assets	-	-	-	-
Other assets	35.376	5.515	24.228	65.119
Total assets	21.418.249	26.087.364	4.990.245	52.495.858
Liabilities				
Current account and funds collected from Banks via participation accounts	13.334	1.393	158	14.885
Current and profit sharing accounts FC	16.992.415	26.184.191	5.027.650	48.204.256
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1.196.718	491.333	-	1.688.051
Marketable securities issued	1.314.363	-	-	1.314.363
Miscellaneous Payables	736.097	490.967	1.206	1.228.270
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities ^(****)	323.342	127.550	6.637	457.529
Total liabilities	20.576.269	27.295.434	5.035.651	52.907.354
Net balance sheet position	841.980	(1.208.070)	(49.509)	(415.599)
Net off-balance sheet position ^(*)	(858.141)	1.188.203	158.937	488.999
Financial derivative assets	979	1.374.457	180.259	1.555.695
Financial derivative liabilities	859.120	186.254	21.322	1.066.696
Net position	(16.161)	(19.867)	109.428	73.400
Non cash loans	10.787.955	9.938.002	606.336	21.332.293
Prior Period				
Total assets	10.223.142	12.567.310	3.308.730	26.099.182
Total liabilities	9.283.270	11.228.570	3.235.828	23.747.668
Net balance sheet position	939.872	1.338.740	72.902	2.351.514
Net off-balance sheet position	(1.089.668)	(1.414.557)	(227)	(2.504.452)
Financial derivative assets	-	1.068.995	59.008	1.128.003
Financial derivative liabilities	1.089.668	2.483.552	59.235	3.632.455
Net position	(149.796)	(75.817)	72.675	(152.938)
Non-cash loans	5.489.608	3.480.241	106.639	9.076.488

^(*) Foreign currency indexed loans amounting to TL 234.136, which are displayed as TL in the unconsolidated financial statements, are shown with the relevant foreign currency code. Includes receivables from lease transactions.

^(**) Shows net receivables and debts from derivative financial instruments.

^(***) The currencies in the other FC column of the assets section consist of 91% Gold, 2% GBP, and the remaining 7% other currencies. The currencies in the FC column of liabilities section consist of 93% Gold, 2% GBP, and the remaining 5% other currencies.

^(****) Provisions, lease liabilities and subordinated loans are included.

^(*****) Includes subordinated loan balance.

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V. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value:

The breakdown of the amount of capital liabilities on the basis of the relevant share investments, depending on the method of calculating the capital obligation selected by the bank from among the approaches allowed to be used in the Communiqué on Credit Risk Standard Method or Communiqué Related to Calculation of Credit Risk Based Approach Based on Internal Grading:

According to the standard method of credit risk, equity investments in banking accounts are TL 10.412 all of which are 100% risk weighted (31 December 2020: TL 10.412).

VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of "Regulation for Liquidity Risk and Liquidity and Financial Emergency Situation Management".

Generally participation accounts concentration weighted for 1 month in both banking and participation banking sectors, collecting funds are longer than maturity perceived as an element of risk, in order to reduce the risk, attention showed to the liquidity of maturity group which is due for one month.

The Bank performs Remaining Maturity Analysis for the observation of the maturity structure of the balance sheet, Liquidity Gap Analysis for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Bank's liquidity and in the worst case scenario and the loss associated with it. The main subject of the liquidity stress test is "Sudden Participation Fund Draws" and "Exchange Rate Changes". Besides, in order to compare the Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

The Bank calculates and reports the liquidity adequacy ratio to BRSA on weekly unconsolidated basis in accordance with "Regulation for Regulation on Banks' Liquidity Coverage Ratio Calculation" issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation.

Also on the purpose of the liquidity risk management, risk limits and threshold determined as a part of risk appetite and daily monitored.

1) LIQUIDITY RISK:

a) Basis for the current liquidity risk of the Bank and whether the necessary measures taken, limitations imposed by the Bank's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:

The Banks fund resources consist of mainly participation funds. The bank is gathering funds in the name of participation accounts that the principal and predetermined yield are not guaranteed to paid back to the holder of account, and participation rates to profit or loss that results from funds to be operated are reflected to the related accounts. For this reason, the assets and liabilities of the Bank are compatible with the dividend rates.

The bank, TL and FC liquidity meets its needs mostly from the funds collected, internal and external sources that can be used in an emergencies in order to meet the liquidity requirements are monitored periodically, borrowing limits of the markets organized by the Bank and other banks, liquidity levels that can be met. The Bank manages liquidity risk within the regulations of Liquidity Risk and Liquidity and Financial Emergency Management.

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b) Payments, whether assets and liabilities are compatible with the rate of profit, whether the measurement of the probable effects of the actual inconsistency on profitability is done or not:

Payments, assets and liabilities and profit rates are monitored regularly by the management to track whether it is compatible or not and there is no dissonance whatsoever.

c) The banks internal and external sources to meet the short and long-term liquidity needs, unused significant liquidity sources:

Although Bank's assets average maturity is longer than collected funds, most of the securities, available for sale and held to maturity, make periodic coupon payment which is no longer than six months and monthly credit receivables payments provide cash flow to the Bank.

d) Evaluation of the banks cash flow rates and its sources:

The banks main source is the participation funds, these funds are evaluated at other participation banks and loan placements. The banks most important cash inflows are receivables from banks and financial institutions and regular cash inflows from these institutions are seen as a factor that reduce the liquidity risk. Also monthly installment payments for loans are used to meet the Bank's resource needs.

2) LIQUIDITY COVERAGE RATIO

Liquidity coverage ratio, established in order to hold and provide premium liquidity asset stock which is adequately fulfill the Bank's net cash outflow, calculated within the scope of "Calculation of The Liquidity Coverage Ratio" regulation that was published by BRSA. Liquidity coverage ratio directly affected by Bank's asset, liability and potential cash inflow and outflow which is derived from off-balance sheet transactions with the level of liquid assets that can be realizable at any time and not mentioned to any collaterals.

Bank's premium liquidity asset stock; consists of debt securities which is not subjected to any collateral or repurchase agreement transaction and basically export from the Republic of Turkey's Treasury along with cash assets and care of Central Bank of the Republic of Turkey's accounts.

Bank's principal funding source represented by participation funds. Repurchase agreement transaction provided by funds and debts which comes from financial institutions take a part within the external participation fund debt items.

Managing liquidity risk effectively can be possible with preventing the concentrated liquidity asset and liability items. Participation fund, constitutes Bank's main fund source, is provided from numerous customers.

The lowest and highest Liquidity Coverage Ratios in the fourth quarter of 2021 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TL+FC	179,34	04.12.2021	118,22	28.11.2021
FC	318,18	07.10.2021	171,58	26.12.2021

Derivative transactions are included in calculation of the liquidity coverage ratio over the cash flows within the 30 day basis time slots.

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Current Period 31.12.2021	Consideration Ratio Not Applied Total Value ^(*)		Consideration Ratio Applied Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	-	-	17.594.152	13.543.501
CASH OUTFLOWS				
Real person deposits and retail deposits	26.004.269	17.680.042	2.647.321	1.872.238
Stable deposit	3.221.765	-	161.088	-
Deposit with low stability	22.782.504	17.680.042	2.486.233	1.872.238
Unsecured debts except real person deposits and retail deposits	25.036.847	13.724.284	13.254.580	6.667.792
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	25.036.847	13.724.284	13.254.580	6.667.792
Secured debts	-	-	-	-
Other cash outflows	27.916.380	18.602.344	2.599.251	2.008.355
Derivative liabilities and margin obligations	1.726.582	923.811	1.051.655	923.811
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	715.848	845.134	273.898	242.874
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	25.473.950	16.833.399	1.273.698	841.670
TOTAL CASH OUTFLOWS	-	-	18.501.152	10.548.385
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	7.163.737	4.336.075	5.147.453	3.726.860
Other cash inflows	1.130.684	883.069	1.130.684	883.069
TOTAL CASH INFLOWS	8.294.421	5.219.144	6.278.137	4.609.929
			Applied maximum rate values	
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	17.594.152	13.543.501
TOTAL NET CASH OUTFLOWS	-	-	12.223.016	5.938.456
LIQUIDITY COVERAGE RATIO (%)	-	-	144	228

^(*) The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Consideration Ratio Not Applied Total Value ^(*)		Consideration Ratio Applied Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS	4.906.883	3.146.170	4.906.883	3.146.170
High quality liquid assets	-	-	10.264.831	6.800.303
CASH OUTFLOWS				
Real person deposits and retail deposits	18.045.333	11.702.096	1.848.015	1.255.054
Stable deposit	2.553.057	-	127.653	-
Deposit with low stability	15.492.276	11.702.096	1.720.362	1.255.054
Unsecured debts except real person deposits and retail deposits	22.978.598	8.224.931	13.838.433	3.631.821
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	22.978.598	8.224.931	13.838.433	3.631.821
Secured debts	-	-	-	-
Other cash outflows	17.605.327	10.384.977	1.991.485	1.566.757
Derivative liabilities and margin obligations	1.599.722	1.013.755	1.078.820	1.013.755
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	331.042	426.882	128.937	105.785
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	15.674.563	8.944.340	783.728	447.217
TOTAL CASH OUTFLOWS	-	-	17.677.933	6.453.632
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	5.893.623	4.030.512	4.636.918	3.650.757
Other cash inflows	1.130.147	921.105	1.130.147	921.105
TOTAL CASH INFLOWS	7.023.770	4.951.617	5.767.065	4.571.862
			Applied maximum rate values	
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	10.264.831	6.800.303
TOTAL NET CASH OUTFLOWS	-	-	11.910.869	1.881.770
LIQUIDITY COVERAGE RATIO (%)	-	-	86	361

(*) The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Presentation of assets and liabilities according to their remaining maturities

Current Period 31.12.2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	5.808.237	9.481.258	-	-	-	-	-	15.289.495
Banks	2.249.735	1.100.117	-	-	-	-	-	3.349.852
Financial Assets at Fair Value Through Profit and Loss	-	-	612.426	-	1.182.890	-	-	1.795.316
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	124.305	1.656.451	1.050.402	5.705.679	42.321	10.412	8.589.570
Loans Given (****)	-	324.624	4.138.241	14.441.355	35.307.502	11.826.934	361.264	66.399.920
Financial Assets Measured at Amortised Cost	-	-	-	-	1.327.957	-	-	1.327.957
Other Assets	-	-	-	-	-	-	1.560.482	1.560.482
Total Assets^(*)	8.057.972	11.030.304	6.407.118	15.491.757	43.524.028	11.869.255	1.932.158	98.312.592
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.148.811	522.614	-	-	-	-	-	4.671.425
Current and Participation Accounts	17.456.758	32.284.538	20.244.406	3.177.442	99.328	-	-	73.262.472
Funds Provided from Other Financial Instruments	-	1.834.140	2.687.688	1.143.511	499.506	-	-	6.164.845
Money Market Borrowings	-	3.784.645	-	-	-	-	-	3.784.645
Issued Marketable Securities (**)	-	-	-	-	2.655.863	-	-	2.655.863
Miscellaneous Payables	-	-	-	-	-	-	1.431.779	1.431.779
Other Liabilities	-	-	-	-	-	-	6.341.563	6.341.563
Total Liabilities	21.605.569	38.425.937	22.932.094	4.320.953	3.254.697	-	7.773.342	98.312.592
Liquidity Gap	(13.547.597)	(27.395.633)	(16.524.97)	11.170.804	40.269.331	11.869.255	(5.841.184)	-
Net Off-Balance Sheet Position	-	(3.836)	(84.902)	8.979	-	-	-	(79.759)
Receivables From Derivative Financial Instruments	-	813.655	746.424	35.534	-	-	-	1.595.613
Financial Derivative Liabilities	-	817.491	831.326	26.555	-	-	-	1.675.372
Non-Cash Loans	3.768.083	1.938.193	3.436.270	14.190.205	5.433.522	837.192	-	29.603.465

(*) The expected loss provisions for financial assets and other assets are reflected in the related accounts.

(**) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

(***) The total of subordinated debt instruments is shown in this column.

(****) Includes receivables from lease transactions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Prior Period 31.12.2020								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	640.288	4.833.974	-	-	-	-	-	5.474.262
Banks	4.043.012	756.674	-	-	-	-	-	4.799.686
Financial Assets at Fair Value Through Profit and Loss	-	3.006	90.527	527.039	360.300	-	-	980.872
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	28.342	649.154	911.323	3.546.501	-	10.412	5.145.732
Loans Given (**)	-	1.292.151	2.642.589	7.672.789	22.264.432	7.942.234	392.215	42.206.410
Financial Assets Measured at Amortised Cost	-	-	-	-	779.437	-	-	779.437
Other Assets	-	-	-	-	-	-	800.597	800.597
Total Assets (*)	4.683.300	6.914.147	3.382.270	9.111.151	26.950.670	7.942.234	1.203.224	60.186.996
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.554.961	-	6.934	-	-	-	-	4.561.895
Current and Participation Accounts	7.445.284	25.764.602	6.452.479	2.113.970	47.920	-	-	41.824.255
Funds Provided from Other Financial Instruments	-	1.011.848	2.748.151	1.112.478	533.382	38.005	-	5.443.864
Money Market Borrowings	-	2.101.073	-	-	-	-	-	2.101.073
Issued Marketable Securities (***)	-	-	-	-	1.080.526	-	-	1.080.526
Miscellaneous Payables	-	-	-	-	-	-	322.946	322.946
Other Liabilities	-	-	-	-	-	-	4.852.437	4.852.437
Total Liabilities	12.000.245	28.877.523	9.207.564	3.226.448	1.661.828	38.005	5.175.383	60.186.996
Liquidity Gap	(7.316.945)	(21.963.376)	(5.825.294)	5.884.703	25.288.842	7.904.229	(3.972.159)	-
Net Off-Balance Sheet Position	-	28.293	(14.906)	838	-	-	-	14.225
Receivables From Derivative Financial Instruments	-	3.090.778	548.603	8.631	-	-	-	3.648.012
Financial Derivative Liabilities	-	3.062.485	563.509	7.793	-	-	-	3.633.787
Non-Cash Loans	2.405.872	691.439	1.632.493	6.099.552	4.733.595	352.819	-	15.915.770

(*) The expected loss provisions for financial assets and other assets are reflected in the related accounts.

(**) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

(***) The total of subordinated debt instruments is shown in this column.

(****) Includes receivables from lease transactions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Presentation of liabilities according to their remaining maturities

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Banks special current account and participation accounts	4.671.425	-	-	-	-	4.671.425
Other special current account and participation accounts	49.741.296	20.244.406	3.177.442	99.328	-	73.262.472
Funds borrowed from other financial institutions	1.834.140	2.687.688	1.143.511	499.506	-	6.164.845
Funds borrowed from Interbank money market	3.784.645	-	-	-	-	3.784.645
Total	60.031.506	22.932.094	4.320.953	598.834	-	87.883.387
Prior Period						
Banks special current account and participation accounts	4.554.961	6.934	-	-	-	4.561.895
Other special current account and participation accounts	33.209.886	6.452.479	2.113.970	47.920	-	41.824.255
Funds borrowed from other financial institutions	1.011.848	2.748.151	1.112.478	533.382	38.005	5.443.864
Funds borrowed from Interbank money market	2.101.073	-	-	-	-	2.101.073
Total	40.877.768	9.207.564	3.226.448	581.302	38.005	53.931.087

VII. EXPLANATIONS ON LEVERAGE RATIO

As of 31 December 2021, the leverage ratio of the Bank calculated from the average of three months is 4,25% (31 December 2020: 5,65%). The relevant ratio is above the minimum rate specified by the Regulation on Measurement and Assessment of Leverage Level of Banks. The reason for the change between the current period and the previous period's leverage ratio is that the average total risk increase rate is higher than the increase in average capital. The regulation stipulated the minimum leverage ratio as 3%.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Leverage ratio disclosure as follows:

	Current Period ^(*) 31.12.2021	Prior Period ^(*) 31.12.2020
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	88.393.575	58.662.672
(Assets deducted from main capital)	(390.397)	(176.435)
Total risk amount of the balance sheet assets	88.003.178	58.486.237
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	7.765	22.027
Potential credit risk amount of derivative financial instruments and credit derivatives	12.518	21.256
Total risk amount of derivative financial instruments and credit derivative	20.283	43.283
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	572.242	145.965
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	572.242	145.965
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	28.932.751	16.834.815
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	28.932.751	16.834.815
Equity and total risk		
Main capital	4.966.673	4.267.519
Total risk amount	117.528.454	75.501.605
Leverage ratio		
Leverage ratio %	4,25	5,65

(*) Three month average of the amounts in the table are taken into account.

VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

IX. EXPLANATIONS ON RISK MANAGEMENT

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. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables that need to be prepared within the scope of Internal Ratings Based ("IRB") have not been presented.

Within the scope of risk management, there are many risks that affect our bank's financial performance significantly. These risks include the risk of credit risk, market risk, operational risk, liquidity risk and profit share ratio arising from banking accounts. Risk management strategy is based on the mission and vision of bank and is aimed to respond to customers' financial needs in the most appropriate way and to support their financial success. In this context, business practices and our working model support prudent risk management practices.

Internal bank risk appetite has been established and is periodically shared with top management in order to follow the specified risks. In addition, detailed risk management reports, including stress tests and scenario analyzes, where all risks are analyzed in detail, are reported to the Audit Committee.

Scenarios such as sudden changes in the curriculum, changes in country grades, changes in the loan portfolio are taken into account in the stress tests conducted.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The capital adequacy ratio is followed up by the simulation method on a daily basis although it is followed up within the monthly period which is the legal submission period. The liquidity coverage ratio of the bank is monitored daily by the risk management and is shared with the top management of the bank and the treasury unit.

In order to create a common risk culture in our bank, our bank employees are given risk management training and strategically important units have detailed explanations about the importance of risk management. Risk management policies and procedures, banking regulations based on significant risks, are available to all employees working in our bank.

The Bank is developing a system for risk measurement methods. In the present case, standard methods are generally used in the calculations and preparations are made for advanced methods with the growth of our bank. All risk processes are closely monitored.

1. Explanations on Risk Management and Risk Weighted Assets

Overview of Risk Weighted Assets

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period 31.12.2021	Prior Period 31.12.2020	Current Period 31.12.2021
1	Credit risk (excluding counter party credit risk)	44.767.671	29.650.711	3.581.414
2	Standardized approach	44.767.671	29.650.711	3.581.414
3	Internal rating-based approach	-	-	-
4	Counter party credit risk	42.244	131.015	3.380
5	Standardized approach for counter party credit risk	42.244	131.015	3.380
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies - mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	343.323	290.659	27.466
17	Standardized approach	343.323	290.659	27.466
18	Internal model approaches	-	-	-
19	Operational risk	2.988.826	1.831.724	239.106
20	Basic indicator approach	2.988.826	1.831.724	239.106
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	48.142.064	31.904.109	3.851.366

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2 Connections Between Financial Statements and the Risk Amounts

a) Differences between accounting consolidation and legal consolidation and matching of the subject

Current Period 31.12.2021	Valued amount according to TAS within legal consolidation ^(*)	Subject to credit risk framework	Carrying values of items		Not subject to capital requirements or subject to deduction from capital
			Subject to counter party credit risk framework	Subject to the market risk framework	
Assets					
Cash and Balances at Central Bank	15.289.207	15.289.207	-	12.224.478	-
Derivative Financial Assets	19.756	-	19.756	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	1.795.316	-	1.795.316	-	-
Banks	3.350.140	3.350.140	-	3.340.493	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	8.589.570	8.589.570	2.986.187	3.769.758	-
Loans and Receivable	56.853.656	56.853.654	-	24.281.583	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	1.327.957	1.327.957	-	1.327.957	-
Investments in Associates (Net)	-	-	-	-	-
Investments in Subsidiaries (Net)	100	100	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables form Leasing Transactions	9.546.264	9.546.264	-	5.456.144	-
Derivative Financial Assets for Hedging Purposes	-	-	-	6.992	-
Tangible Assets (Net)	301.919	301.919	-	874	33.991
Intangible Assets (Net)	223.839	-	-	-	223.839
Investment Properties (Net)	-	-	-	-	-
Tax Asset	301.329	301.329	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	307.881	307.881	-	-	-
Other Assets	405.658	405.658	-	58.127	-
Total Assests	98.312.592	96.273.679	4.801.259	50.466.406	257.830
Liabilities					
Deposits	77.933.897	-	-	48.219.141	-
Derivative Financial Liabilities	71.692	-	-	1.039	-
Funds Borrowed	6.164.845	-	-	1.688.051	-
Money Markets	3.784.645	-	2.498.503	-	-
Securities Issued (Net)	-	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	2.187.741	-	-	1.266.851	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	194.463	-	-	10	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	647.270	-	-	417.899	-
Tax Liability	350.441	-	-	-	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	2.655.863	-	-	1.314.363	-
Equity	4.321.735	-	-	(24.008)	-
Total Liabilities	98.312.592	-	2.498.503	52.883.346	-

(*) It represents the Bank's unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Differences between accounting consolidation and legal consolidation and matching of the subject

Prior Period 31.12.2020	Carrying values of items				
	Valued amount according to TAS within legal consolidation ^(*)	Subject to credit risk framework	Subject to counter party credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets					
Cash and Balances at Central Bank	5.477.120	5.477.120	-	5.067.541	-
Derivative Financial Assets	28.253	-	28.253	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	980.872	-	980.872	-	-
Banks	4.799.768	4.799.768	-	4.787.374	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	5.142.792	5.142.792	2.235.531	1.378.365	-
Loans and Receivable	37.070.191	37.070.191	-	10.466.219	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	779.437	779.437	-	779.437	-
Investments In Associates (Net)	-	-	-	-	-
Investments In Subsidiaries (Net)	100	100	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables Form Leasing Transactions	5.136.219	5.136.219	-	2.284.842	-
Derivative Financial Assets for Hedging Purposes	-	-	-	9	-
Tangible Assets (Net)	177.964	177.964	-	363	21.363
Intangible Assets (Net)	161.257	-	-	-	161.257
Investment Properties (Net)	-	-	-	-	-
Tax Asset	108.597	108.597	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	75.240	75.240	-	-	-
Other Assets	249.186	249.186	-	35.458	-
Total Assests	60.186.996	59.016.614	3.244.656	24.799.608	182.620
Liabilities					
Deposits	46.386.150	-	-	21.483.588	-
Derivative Financial Liabilities	19.440	-	-	19.440	-
Funds Borrowed	5.443.864	-	-	1.046.528	-
Money Markets	2.101.073	-	2.079.285	-	-
Securities Issued (Net)	-	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	788.160	-	-	216.629	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	127.634	-	-	15.688	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	409.244	-	-	197.616	-
Tax Liability	96.632	-	-	142	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	1.080.526	-	-	768.037	-
Equity	3.734.273	-	-	(84)	-
Total Liabilities	60.186.996	-	2.079.285	23.747.584	-

(*) It represents the Bank's unconsolidated financial statements

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period 31.12.2021	Total	Subject to credit risk framework	Securitization position	Subject to counter party credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	98.312.592	96.273.679	-	4.801.259	50.466.406
Liabilities carrying value amount under regulatory scope of consolidation	3.784.645	-	-	2.498.503	-
Total net amount under regulatory scope of consolidation	94.527.947	96.273.679	-	2.302.756	50.466.406
Differences in valuations	34.574.913	30.750.064	-	3.824.849	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
Amount of risk	129.102.860	127.023.745	-	6.127.605	50.466.406
Prior Period 31.12.2020	Total	Subject to credit risk framework	Securitization position	Subject to counter party credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	60.186.996	59.016.614	-	3.244.656	24.799.608
Liabilities carrying value amount under regulatory scope of consolidation	2.101.073	-	-	2.079.285	-
Total net amount under regulatory scope of consolidation	58.085.923	59.016.614	-	1.165.371	24.799.608
Differences in valuations	23.859.166	16.422.235	-	7.436.931	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
Amount of risk	81.945.089	75.438.849	-	8.602.302	24.799.608

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Credit Risk Disclosures

3.1) General information on credit risk

a) General qualitative information on credit risk

Effective management of credit risk is one of the important elements of a comprehensive approach to risk management. Corporate, retail and SME loans, financial lease receivables, other elements of bank assets and non-cash transactions, which are provided in connection with the activities of our bank, constitute the basis of the items that constitute credit risk. It is important to take into account the risk appetite of our bank in the activities carried out in this direction, in terms of effective credit risk management.

Credit risk limits; It has been designed in accordance with the risk levels the Bank may take, its activities, the size and complexity of its products and services, and was determined by taking the opinions and suggestions of the General Manager, the Audit Committee and the relevant Senior Managers. Limits are regularly reviewed and monitored periodically, adapted according to changes in market conditions, Bank strategy and risk appetite. In addition to taking into account our legal requirements while creating credit risk policies, our current credit performance was reviewed and a policy was created in line with the Bank's strategies and objectives.

Credit risk calculations are made carefully and meticulously and controls are carried out in accordance with the legislation. Currently, calculations are made with the standard method, and infrastructure studies are ongoing for the use of advanced methods. Credit risk calculations and applied methods are also monitored by internal control and audit units, and legal requirements are taken into account at every stage.

Detailed reports including the credit risk exposure and its relations with other risks are periodically shared with the Board of Directors and Senior Managers, and the credit risk is effectively monitored by the risk management unit.

b) Credit quality of assets

	Current Period 31.12.2021	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
1	Loans ^(*)	1.698.976	66.435.840	1.734.896	66.399.920
2	Debt securities	-	11.834.479	121.631	11.712.848
3	Off-balance sheet exposures	-	30.750.064	29.168	30.720.896
4	Total	1.698.976	109.020.383	1.885.695	108.833.664

^(*) Financial lease amounting to TL 9,546,264 is included in the table.

	Prior Period 31.12.2020	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
1	Loans ^(*)	1.181.058	42.178.578	1.153.226	42.206.410
2	Debt securities	-	7.058.197	162.568	6.895.629
3	Off-balance sheet exposures	-	16.577.367	26.708	16.550.659
4	Total	1.181.058	65.814.142	1.342.502	65.652.698

^(*) Financial lease amounting to TL 5,136,219 is included in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Changes on defaulted loans and debt securities

Current Period		
1	Defaulted loans and debt securities at end of the previous reporting period	1.181.058
2	Loans and debt securities that have defaulted since the last reporting period	931.114
3	Returned to non-defaulted status	42.558
4	Amounts written off	-
5	Other changes	(370.638)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.698.976
Prior Period		
1	Defaulted loans and debt securities at end of the previous reporting period	947.102
2	Loans and debt securities that have defaulted since the last reporting period	132.910
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes *	101.046
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.181.058

(*) A total of 101.046 TL receivables, which are monitored in the TOA accounts, with full provision, amounting to TL 89.382 and TL 11.664, respectively, were excluded from the unconsolidated and consolidated financial statements based on the transfer agreements of the receivables dated 1 December 2020 and 29 December 2020, respectively.

d) Additional explanations on credit quality of assets

i. Differences between definitions and explanations of "deferred" receivables and receivables for which "provision was allocated", and definitions of "deferred" and "provision of allocation", if any

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette no. 29750 dated 22 June 2016. The term "Deferred Receivables" is used for credits named "Loans under Close Monitoring" whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named "Non-Performing Loans" whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as "Standard Credits" and "Under Close Monitoring" and expected loss provisions for the loans for the stage 3 for credits classified as "Non-Performing Loans".

ii. The portion that is not considered within the scope of "allocation of provision" among deferred receivables (over 90 days) and reasons for this practice

The Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class.

iii. Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

iv. Definitions of restructured receivable

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

v. Breakdown of receivables according to geographical regions, sector and remaining maturity, amount of receivables provided on the basis of geographical regions and sector, related provisions and amount written off from assets.

	Credits		
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions
Current Period 31.12.2021			
Domestic	2.297.608	1.698.976	1.734.896
European Union Countries	-	-	-
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	-	-	-
Total	2.297.608	1.698.976	1.734.896

	Credits		
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions
Prior Period 31.12.2020			
Domestic	1.751.704	1.181.058	1.153.226
European Union Countries	-	-	-
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	-	-	-
Total	1.751.704	1.181.058	1.153.226

Ziraat Katılım Bankası A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Current Period 31.12.2021	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	1.032.686	26.015	24.374	1.034.344
Farming and Stockbreeding	642.556	19.738	18.767	643.527
Forestry	341.853	5.822	5.032	342.665
Fishing	48.277	455	575	48.152
Manufacturing	32.521.815	563.405	655.867	32.432.920
Mining and Quarrying	4.366.038	13.290	49.172	4.333.669
Production	26.444.061	545.626	594.411	26.395.333
Electric, Gas and Water	1.711.716	4.489	12.284	1.703.918
Construction	11.154.607	548.207	524.486	11.178.323
Services	16.322.248	555.593	519.657	16.356.922
Wholesale and Retail Trade	11.315.483	467.435	417.620	11.365.128
Hotel Food and Beverage Services	712.079	2.561	10.641	702.905
Transportation and Telecommunication	968.893	44.495	37.413	975.980
Financial Institutions	706.346	5.146	5.396	706.091
Real Estate and Leasing Services	1.866.056	23.503	33.645	1.855.913
Self Employment Services	156.372	174	789	155.760
Education Services	76.614	125	536	76.209
Health and Social Services	520.405	12.154	13.617	518.936
Other	5.404.484	5.756	10.512	5.397.411
Total	66.435.840	1.698.976	1.734.896	66.399.920

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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Prior Period 31.12.2020	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	992.055	18.201	20.991	989.265
Farming and Stockbreeding	704.420	13.518	16.415	701.523
Forestry	265.979	3.815	3.761	266.033
Fishing	21.656	868	815	21.709
Manufacturing	19.279.023	497.187	479.857	19.296.353
Mining and Quarrying	3.405.649	15.971	43.927	3.377.693
Production	15.455.153	475.769	429.492	15.501.430
Electric, Gas and Water	418.221	5.447	6.438	417.230
Construction	11.415.118	404.887	293.953	11.526.052
Services	10.483.535	256.344	356.848	10.387.650
Wholesale and Retail Trade	6.581.978	185.849	274.660	6.493.167
Hotel Food and Beverage Services	351.341	2.782	3.809	350.314
Transportation and Telecommunication	303.608	29.489	33.008	300.089
Financial Institutions	1.201.035	-	1.154	1.199.881
Real Estate and Leasing Services	1.367.910	30.441	31.066	1.367.285
Self Employment Services	87.162	502	1.344	86.320
Education Services	91.006	52	560	90.498
Health and Social Services	499.495	7.229	11.247	495.477
Other	8.847	4.439	5.371	7.915
Total	42.178.578	1.181.058	1.153.226	42.206.410

Ziraat Katılım Bankası A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

vi. Aging analysis for overdue receivables

Current Period 31.12.2021	1-30 Day	31-60 Day	61-90 Day	90+ Day	Total
Loans and Receivables ⁽¹⁾					
Corporate/Entrepreneurial Loans	104.883	136.603	28.919	177.844	448.249
Consumer Loans	75.326	12.546	8.912	2.720	99.504
Toplam	180.209	149.149	37.831	180.564	547.753

⁽¹⁾ The Bank's loan amounting to TL 1.490.386, which is under close monitoring, has no delay.

Prior Period 31.12.2020	1-30 Day	31-60 Day	61-90 Day	90+ Day	Total
Loans and Receivables ⁽¹⁾					
Corporate/Entrepreneurial Loans	113.706	33.814	71.938	258.085	477.543
Consumer Loans	32.330	7.234	2.143	2.966	44.673
Toplam	146.036	41.048	74.081	261.051	522.216

⁽¹⁾ The Bank's loan amounting to TL 692.695, which is under close monitoring, has no delay.

Breakdown of restructured receivables by allocation of provision

Out of the Bank's total restructured loans amounting to TL 1.534.480, a portion of TL 1.491.922 consists of performing loans and remaining portion of TL 42.558 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TL 61.708 and the third stage expected loss provision for non-performing loans is TL 77.224. (31 December 2020: Out of the Bank's total restructured loans amounting to TL 875.907, a portion of TL 862.868 consists of performing loans and remaining portion of TL 13.039 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is TL 136.408 and third stage expected loss provision amount allocated for non-performing loans is 38.364.

3.2) Credit risk mitigation

a) Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

In the collateralization transactions related to the lending processes of the Bank, the issues that may pose a risk from now on are taken into consideration. In the bank collateral policy, risks are now managed by taking into account all risks such as failure to seize the received collateral in time or not being able to convert it into cash, refusal or delay of payment by the guarantor, failure of credit documents whose legal validity has not been sufficiently investigated to achieve the desired legal result.

Transactions carried out by the Bank within the scope of market risk are not subject to collateral.

Financial collaterals are taken into consideration in credit risk mitigation in the Bank, and real estate mortgages are not considered as collateral as a rule. Mortgage-backed receivables are a separate risk class, and the financial collaterals used in the Bank consist of cash blockage, loan guarantee fund and assignment of arising public receivables.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Credit risk mitigation techniques – Overview

Current Period 31.12.2021	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans *	52.412.531	4.780.715	3.720.274	3.009.663	2.536.877	-	-
Debt Securities *	10.228.317	-	-	-	-	-	-
Total	62.640.848	4.780.715	3.720.274	3.009.663	2.536.877	-	-
Of which defaulted *	1.570.109	-	-	-	-	-	-

(*) Based on the BRSA's article on "Pandemic Measures Time Extension" dated 08.12.2020, the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date has been used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 9.206.674 Thousand TL in "Loans", 1.484.531 Thousand TL in "Borrowing Instruments" and 128.867 Thousand TL in the "Defaulted" category.

Period 31.12.2020	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	36.296.201	5.910.209	4.717.707	4.924.960	4.189.451	-	-
Debt Securities	6.895.629	-	-	-	-	-	-
Total	43.191.830	5.910.209	4.717.707	4.924.960	4.189.451	-	-
Of which defaulted	1.152.871	-	-	-	-	-	-

(*) Based on the BRSA's article on "Pandemic Measures Time Extension" dated 08.12.2020, the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date has been used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 1.128.770 Thousand TL in "Loans", 58.371 Thousand TL in "Borrowing Instruments" and 28.187 Thousand TL in the "Defaulted" category.

3.3) Credit risk if standard approach is used

a) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach

The Bank uses the ratings given by the Fitch Ratings International Rating Agency in the risk classes of Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments, and Receivables from Administrative Units and Non-Commercial Enterprises. Receivables From Banks In the risk class, Fitch Ratings notes are used for Receivables from Resident Banks, and no rating agency notes are used for receivables from domestic resident Banks. While our country grade used for Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments and Receivables from Administrative Units and Non-Commercial Enterprises corresponds to 3 in the Credit Quality Level, the notes used in the Receivables from Banks and Intermediary Institutions risk class are from 1 to 6 matched with credit quality tiers.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Standard Approach - Loan risk exposure and the effects of loan risk reduction technique

Current Period 31.12.2021		Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
Risk Classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA amount	RWA density amount
1	Exposures to sovereigns and their central banks	16.656.175	-	19.175.013	17.843	-	0%
2	Exposures to regional and local governments	-	-	18.039	388	9.214	50%
3	Exposures to administrative bodies and non-commercial entities	259.913	165.759	259.913	43.926	300.425	99%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	2.615.679	403.825	2.615.679	395.564	796.690	26%
7	Exposures to corporates	25.101.279	18.469.122	24.142.247	11.999.030	34.696.911	96%
8	Retail exposures	6.891.139	4.461.177	5.299.430	2.088.169	5.321.772	72%
9	Exposures secured by residential property	3.412.489	51.391	3.412.489	26.108	1.203.509	35%
10	Exposures secured by commercial property	2.620.264	685.693	2.620.264	366.110	1.493.187	50%
11	Past-due items	257.585	-	257.585	-	147.146	57%
12	Exposures in high-risk categories	77.691	51	77.691	26	116.575	150%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0%
16	Other exposures	1.552.398	-	1.251.068	-	682.242	55%
17	Equity share investments	-	-	-	-	-	0%
18	Total	59.444.612	24.237.018	59.129.418	14.937.164	44.767.671	60%

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	Prior Period 31.12.2020	Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA amount	RWA density amount
	Risk Classes						
1	Exposures to sovereigns and their central banks	8.707.427	-	12.870.880	23.363	-	0%
2	Exposures to regional and local governments	-	-	25.999	5.815	15.907	50%
3	Exposures to administrative bodies and non-commercial entities	264.828	5.784	264.828	2.858	266.144	99%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	5.024.106	62.368	5.024.106	44.399	1.025.480	20%
7	Exposures to corporates	16.970.986	12.490.186	15.275.823	8.613.143	23.153.759	97%
8	Retail exposures	5.076.333	2.581.421	2.582.045	1.244.087	2.746.074	72%
9	Exposures secured by residential property	2.624.630	47.664	2.624.630	25.720	927.622	35%
10	Exposures secured by commercial property	1.481.948	402.902	1.481.948	237.202	859.575	50%
11	Past-due items	258.567	-	258.567	-	174.139	67%
12	Exposures in high-risk categories	104.158	-	104.158	-	156.237	150%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0%
16	Other exposures	584.843	-	584.843	-	325.774	56%
17	Equity share investments	-	-	-	-	-	0%
18	Total	41.097.826	15.590.325	41.097.827	10.196.587	29.650.711	58%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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c) Standard approach: Receivables related with risk classes and risk weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35% Secured by Property Mortgage	50% Secured by Property Mortgage	50% ^(*)
Exposures to sovereigns and their central banks	19.192.856	-	-	-	-	-
Exposures to regional and local government	-	-	-	-	-	18.427
Exposures to administrative bodies and non-commercial entities	3.414	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	2.700.494	-	-	108.315
Exposures to corporates	547.254	-	727.310	-	-	630.527
Retail exposures	175.496	-	160.840	-	-	-
Exposures secured by residential property	-	-	-	3.438.597	-	-
Exposures secured by commercial property	-	-	-	-	2.986.373	-
Past-due items	222	-	35	-	-	220.378
Exposures in high-risk categories	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-
Other exposures	568.826	-	-	-	-	-
Total	20.488.068	-	3.588.679	3.438.597	2.986.373	977.647

	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
	-	-	-	-	-	19.192.856
	-	-	-	-	-	18.427
	-	300.425	-	-	-	303.839
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	202.434	-	-	-	3.011.243
	-	34.236.186	-	-	-	36.141.277
	7.046.629	4.635	-	-	-	7.387.600
	-	-	-	-	-	3.438.597
	-	-	-	-	-	2.986.373
	-	36.950	-	-	-	257.585
	-	-	77.717	-	-	77.717
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	682.242	-	-	-	1.251.068
	7.046.629	35.462.872	77.717	-	-	74.066.582

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period Risk Classes/Risk Weight	0%	10%	20%	35% Secured by Property Mortgage	50% Secured by Property Mortgage	50% ^(*)
Exposures to sovereigns and their central banks	12.894.243	-	-	-	-	-
Exposures to regional and local government	-	-	-	-	-	31.814
Exposures to administrative bodies and non-commercial entities	1.542	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	5.029.242	-	-	39.263
Exposures to corporates	152.069	-	395.853	-	-	532.912
Retail exposures	87.286	-	105.564	-	-	-
Exposures secured by residential property	-	-	-	2.650.350	-	-
Exposures secured by commercial property	-	-	-	-	1.719.150	-
Past-due items	112	-	72	-	-	168.517
Exposures in high-risk categories	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-
Other exposures	259.071	-	-	-	-	-
Total	13.394.323	-	5.530.731	2.650.350	1.719.150	772.506

	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
	-	-	-	-	-	12.894.243
	-	-	-	-	-	31.814
	-	266.144	-	-	-	267.686
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	5.068.505
	-	22.808.132	-	-	-	23.888.966
3.633.282	-	-	-	-	-	3.826.132
-	-	-	-	-	-	2.650.350
-	-	-	-	-	-	1.719.150
-	-	89.866	-	-	-	258.567
-	-	-	104.158	-	-	104.158
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	325.772	-	-	-	584.843
3.633.282	23.489.914	104.158	-	-	-	51.294.414

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

X. EXPLANATIONS ON RISK PROTECTION PROCEDURES

It is essential to limit the risk levels to limits compatible with the risk profile and risk tolerance in order to prevent the Bank from being affected by the adverse events that may occur while conducting its operations

Risk limits are determined by taking the opinions and suggestions of the General Manager, Audit Committee and relevant Senior Managers and approved by the Board of Directors

Risk limits; it has been determined in accordance with the risk levels, activities, size and complexity of its products and services that the Bank can take. Limits are regularly reviewed and monitored periodically, adapting to changes in market conditions, the Bank's strategy and risk appetite.

In addition, derivative transactions are carried out at the Bank and FX and TL liquidity risk is limited by the transactions performed.

1) Credit risk under IRB (Internal Rating Based) Approach

Within the scope of the footnotes and related explanations prepared in accordance with the "Communiqué on Public Disclosure by the Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 31 March 2016, it is given annually and quarterly. The following required tables are not presented as of 31 December 2020 as the standard approach is used in the calculation of the Bank's credit risk:

Qualitative information regarding IRB to be disclosed to the public

IRB - Credit risk amounts based on IRB and Portfolio and PoD (Probability of Default) range

IRB - Effect of credit derivatives used as CRM (Credit Risk Mitigation) technique on RWA (Risk Weighted Amounts)

Statement of changes in RWA under IRB approach

IRB - Retrospective testing of default probabilities in each risk class

IRB (Specialized loans and stock investments subject to basic risk weight approach)

XI. COUNTER PARTY CREDIT RISK EXPLANATIONS

a) Qualitative explanations on counter party credit risk

In an attempt to identify the counter party credit risk that the Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

As part of the Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

It is essential that the Bank manages the counter party credit risk level in a manner that keeps it above the minimum limits specified in the legal regulations.

Bank risk measurement system; it takes measures to operate in a reliable and integrity manner compatible with legal regulations, fields of activity and product types, and to maintain it accordingly. In this context, as a minimum, for counter party credit risk measurement and monitoring activities; calculation of counter party credit risk weighted asset amount and legal capital requirement, and monitoring of the Bank's compliance level with regard to allocated limits are carried out.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Evaluation of counter party credit risk in accordance with the measurement methods

	Current Period 31.12.2021	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardised approach - CCR (for derivatives)	17.898	25.585		1,4	43.484	20.129
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.986.187	2.015
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						22.144

^(*) Effective expected positive exposure

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Prior Period 31.12.2020	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardised approach - CCR (for derivatives)	215.028	44.736		1,4	259.764	56.140
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.235.531	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						56.140

^(*) Effective expected positive exposure

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Capital requirement for loan valuation adjustment

Current Period 31.12.2021		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	43.484	20.100
4	Total subject to the CVA capital charge	43.484	20.100

Prior Period 31.12.2020		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	259.764	74.875
4	Total subject to the CVA capital charge	259.764	74.875

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

d) Standardised approach - CCR exposures by risk class and risk weight

Risk weight/Regulatory portfolio (Current Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	2.982.159	-	17.279	-	-	-	-	-	3.456
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	6.118	9.601	-	-	-	-	6.024
Exposures to corporates	-	-	-	4.030	-	10.154	-	-	12.169
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	330	-	495
Other exposures	-	-	-	-	-	-	-	-	-
Total ^(*)	2.982.159	-	23.397	13.631	-	10.154	330	-	22.144

^(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

Risk weight/Regulatory portfolio (Prior Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	2.235.531	-	195.301	-	-	-	-	-	39.060
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	53.111	10.132	-	-	-	-	15.688
Exposures to corporates	-	-	-	-	-	877	-	-	877
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	343	-	515
Other exposures	-	-	-	-	-	-	-	-	-
Total ^(*)	2.235.531	-	248.412	10.132	-	877	343	-	56.140

^(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

e) Risk classes and counter party credit risk explanation

None.

f) Collaterals for CCR

	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Current Period 31.12.2021						
Cash-domestic currency	-	-	-	-	2.498.503	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securiities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	2.986.187
Total	-	-	-	-	2.498.503	2.986.187

	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Prior Period 31.12.2020						
Cash-domestic currency	-	-	-	-	2.079.285	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securiities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	2.235.531
Total	-	-	-	-	2.079.285	2.235.531

g) Credit Derivatives

None.

h) Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

i) Risks related with Central Counter parties

None.

5. Explanations on Securitization Disclosure

The Bank does not have any securitization positions as of 31 December 2021. (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

6. Explanations on Market Risk

a) Qualitative information about market risk to be disclosed to the public

Within the framework of BRSA's regulations, the Bank ensures effective management of market risk and market concentration risk arising from market risk components, in accordance with the volume, nature and complexity of its activities, taking into account the best practices.

The Bank ensures that measurement, monitoring, limitation, stress test and scenario analysis studies are carried out in accordance with the structure and complexity of its positions regarding market risk management and the results are reported. It is essential that new products and services are evaluated in terms of market risk.

In this context, as a minimum;

- Follow-up of the Bank's accounts and positions subject to market risk and market developments affecting the value of these accounts and positions on a minimum daily basis,
- Amount calculations based on market risk to which the Bank is exposed within the framework of trading accounts,
- Analysis of the effects of up and down normal and extraordinary movements in the markets on the Bank's accounts and positions subject to market risk,
- Backtest analysis of internal models used for monitoring purposes in calculating the amount subject to market risk,
- Regarding market risk, risk limits are regularly calculated and followed up.

In the Bank, the Board of Directors, Audit Committee and the General Manager fulfill their duties, powers and responsibilities within the scope of market risk management within the framework defined in the legislation. All Units, including the Units within the Scope of Internal Systems, fulfill their duties, powers and responsibilities within the scope of market risk management within the framework of the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process and their own Regulations.

In order to reveal the market risk that the Bank may encounter, it is essential to carry out risk measurement and monitoring activities and to consider the results in the strategic decision-making process of the Bank.

Within the framework of these principles, at least the following analyzes are made for measurement and monitoring activities.

As a minimum within the scope of Market Risk:

- Standard Method: It is made in accordance with the Market Risk Reporting Set statements published by the BRSA.
- Value at Risk Analysis: Historical Simulation is performed using Parametric, Exponentially Weighted Moving Average (EWMA) or a different method deemed appropriate by the Bank.
- Internal Capital Requirement: Parameters determined by the BRSA and/or the Bank that may affect the financial strength of the Bank and the level of capital that will meet the risks the Bank is or may be exposed to, with stress tests and/or scenario analysis related to these parameters, a future perspective it is calculated using appropriate methods.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Standard Approach

		Current Period 31.12.2021	Prior Period 31.12.2020
		RWA	RWA
Outright products			
1	Profit share rate risk (general and specific)	41.713	118.100
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	281.836	172.559
4	Commodity risk	19.774	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	343.323	290.659

Issued quarterly and semi-annually and annually within the scope of the footnotes prepared by the BRSA in accordance with the "Communiqué on the Public Disclosures on Risk Management by Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 and entered into force as of 31 March 2016. The required tables below are not presented as of 31 December 2020, as the standard approach is used in the Bank's market risk calculation:

Quantitative information to be disclosed to the public for banks using the internal model approach

Market risk RAT (Risk Weighted Amounts) change table according to the internal model approach

Internal model approach for trading account

Comparison of VaR (Value at Risk) estimates with profit/loss

7. Explanations on the Operational Risk

In the Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Current Period 31.12.2021	31.12.2018	31.12.2019	31.12.2020	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	892.243	1.556.512	2.333.366	1.594.041	15	239.106
Amount Subject to Operational Risk	-	-	-	-	-	2.988.826
Prior Period 31.12.2020	31.12.2017	31.12.2018	31.12.2019	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	482.004	892.243	1.556.512	976.920	15	146.538
Amount Subject to Operational Risk	-	-	-	-	-	1.831.724

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

XII. EXPLANATIONS ON THE OPERATING SEGMENTS

The Bank's operating segments are determined in accordance with the organizational and internal reporting structure and the provisions of TFRS 8 "Operating Segments".

The Bank operates in retail, corporate/entrepreneurial banking, treasury/investment banking.

Table for segment reporting:

Current Period 1 January – 31 December 2021	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	549.574	4.721.896	964.827	23.619	6.259.916
Profit Shares from Loans	549.574	4.721.896	-	-	5.271.470
Profit Shares from Banks	-	-	3.070	-	3.070
Profit Shares from Securities	-	-	801.333	-	801.333
Other Profit Shares	-	-	160.424	23.619	184.043
Profit Shares Expense	(1.142.017)	(2.034.310)	(1.534.579)	(34.471)	(4.745.377)
Profit Shares Expense on Participation Funds	(1.142.017)	(2.034.310)	(57.829)	-	(3.234.156)
Profit Shares Expense on Funds Borrowed	-	-	(906.244)	-	(906.244)
Profit Shares Expense on Money Market Transactions	-	-	(570.506)	-	(570.506)
Profit Shares Expense on Securities Issued	-	-	-	-	-
Other Profit Shares Expense	-	-	-	(34.471)	(34.471)
Net Profit Shares Income/Expense	(592.443)	2.687.586	(569.752)	(10.852)	1.514.539
Net Fees and Commission Income/Expense	32.988	156.942	-	(42.596)	147.334
Fees and Commissions Received	32.988	156.942	-	42.322	232.252
Fees and Commissions Paid	-	-	-	(84.918)	(84.918)
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	214.813	-	214.813
Other Operating Income	-	542.896	-	8.742	551.638
Provision for Expected Losses	(71.994)	(810.585)	-	(75.983)	(958.562)
Other Provision Expense	-	-	-	(30.041)	(30.041)
Personnel Expenses	-	-	-	(317.383)	(317.383)
Other Operating Expense	-	(10.045)	-	(382.122)	(392.167)
Net Operating Profit/Loss	(631.451)	2.012.834	(354.939)	(296.273)	730.171
Tax Provision	-	-	-	(171.482)	(171.482)
Net Profit/Loss	(631.451)	2.012.834	(354.939)	(467.755)	558.689
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	1.795.316	-	1.795.316
Banks ^(*)	-	-	3.350.140	-	3.350.140
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	8.589.570	-	8.589.570
Loans ^(**)	5.402.018	60.821.448	176.454	-	66.399.920
Financial Assets Measured at Amortised Cost	-	-	1.327.957	-	1.327.957
Derivative Financial Assets	-	-	19.756	-	19.756
Partnership Investment	-	-	100	-	100
Other Assets ^(*)	-	-	-	16.829.833	16.829.833
Total Segment Assets	5.402.018	60.821.448	15.259.293	16.829.833	98.312.592
SEGMENT LIABILITIES					
Funds Collected	41.898.492	36.035.405	-	-	77.933.897
Derivative Financial Liabilities	-	-	71.692	-	71.692
Funds Borrowed	-	-	6.164.845	-	6.164.845
Money Market Funds	-	-	3.784.645	-	3.784.645
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	647.270	647.270
Other Liabilities	-	-	-	5.388.508	5.388.508
Shareholders' Equity	-	-	-	4.321.735	4.321.735
TOTAL SEGMENT LIABILITIES	41.898.492	36.035.405	10.021.182	10.357.513	98.312.592

^(*) Includes expected loss provisions.

^(**) Includes lease receivables.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period (1 January - 31 December 2020)	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	381.619	3.136.478	656.569	16.679	4.191.345
Profit Shares from Loans	381.619	3.136.478	-	-	3.518.097
Profit Shares from Banks	-	-	23.995	-	23.995
Profit Shares from Securities	-	-	608.569	-	608.569
Other Profit Shares	-	-	24.005	16.679	40.684
Profit Shares Expense	(663.913)	(844.970)	(589.826)	(24.098)	(2.122.807)
Profit Shares Expense on Participation Funds	(663.913)	(844.970)	(14)	-	(1.508.897)
Profit Shares Expense on Funds Borrowed	-	-	(526.209)	-	(526.209)
Profit Shares Expense on Money Market Transactions	-	-	(63.603)	-	(63.603)
Profit Shares Expense on Securities Issued	-	-	-	-	-
Other Profit Shares Expense	-	-	-	(24.098)	(24.098)
Net Profit Shares Income/Expense	(282.294)	2.291.508	66.743	(7.419)	2.068.538
Net Fees and Commission Income/Expense	29.737	111.337	-	(48.533)	92.541
Fees and Commissions Received	29.737	111.337	-	63.574	204.648
Fees and Commissions Paid	-	-	-	(112.107)	(112.107)
Dividend Income	-	-	104	-	104
Trading Income/Loss (Net)	-	-	83.310	-	83.310
Other Operating Income	-	263.704	-	4.440	268.144
Provision for Expected Losses	(104.717)	(781.235)	-	(108.261)	(994.213)
Other Provision expense	-	-	-	(173.855)	(173.855)
Personnel Expenses	-	-	-	(235.155)	(235.155)
Other Operating Expense	-	(4.959)	-	(311.973)	(316.932)
Net Operating Profit/Loss	(357.274)	1.880.355	150.157	(880.756)	792.482
Tax Provision	-	-	-	(153.920)	(153.920)
Net Profit/Loss	(357.274)	1.880.355	150.157	(1.034.676)	638.562
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	980.872	-	980.872
Banks ^(*)	-	-	4.799.686	-	4.799.686
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	5.145.732	-	5.145.732
Loans ^(**)	4.850.077	36.350.940	1.005.393	-	42.206.410
Financial Assets Measured at Amortised Cost	-	-	779.437	-	779.437
Derivative Financial Assets	-	-	28.253	-	28.253
Partnership Investment	-	-	100	-	100
Other Assets ^(*)	-	-	-	6.246.506	6.246.506
Total Segment Assets	4.850.077	36.350.940	12.739.473	6.246.506	60.186.996
SEGMENT LIABILITIES					
Funds Collected	18.467.216	27.918.934	-	-	46.386.150
Derivative Financial Liabilities	-	-	19.440	-	19.440
Funds Borrowed	-	-	5.443.864	-	5.443.864
Money Market Funds	-	-	2.101.073	-	2.101.073
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	409.244	409.244
Other Liabilities	-	-	-	2.092.952	2.092.952
Shareholders' Equity	-	-	-	3.734.273	3.734.273
TOTAL SEGMENT LIABILITIES	18.467.216	27.918.934	7.564.377	6.236.469	60.186.996

^(*) Includes expected loss provisions.^(**) Includes lease receivables.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

XIII. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

a) Information regarding the fair value of financial assets and liabilities:

Current Period	Book Value	Fair Value
Financial Assets	81.402.484	79.469.675
Due from Interbank Money Market	-	-
Banks	3.350.141	3.350.153
Financial Assets Measured at Fair Value Through Other Comprehensive Income	8.589.570	8.589.570
Financial Assets Measured at Amortised Cost	1.327.957	1.475.438
Loans	68.134.816	66.054.514
Financial Liabilities	85.530.523	85.491.080
Bank Deposits	4.684.079	4.684.079
Other Deposits	73.249.819	73.249.819
Funds Borrowed from Other Financial Institutions	6.164.846	6.125.403
Issued Marketable Securities	-	-
Miscellaneous Payables	1.431.779	1.431.779
Prior Period	Book Value	Fair Value
Financial Assets	54.084.573	53.131.349
Due from Interbank Money Market	-	-
Banks	4.799.768	4.799.735
Financial Assets Measured at Fair Value Through Other Comprehensive Income	5.145.732	5.145.732
Financial Assets Measured at Amortised Cost	779.437	921.034
Loans	43.359.636	42.264.848
Financial Liabilities	52.152.959	52.152.001
Bank Deposits	4.561.821	4.561.821
Other Deposits	41.824.329	41.824.329
Funds Borrowed from Other Financial Institutions	5.443.864	5.442.906
Issued Marketable Securities	-	-
Miscellaneous Payables	322.945	322.945

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Information on fair value measurements recognized in the financial statement:

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below.

Current Period 31.12.2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	-	1.795.316	-	1.795.316
Government Debt Securities		1.795.316	-	1.795.316
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.579.158	-	10.412	8.589.570
Marketable Securities	-	-	10.412	10.412
Government Debt Securities	7.920.917	-	-	7.920.917
Other Marketable Securities	658.241	-	-	658.241
Derivative Financial Assets	-	19.756	-	19.756
Total Assets	8.579.158	1.815.072	10.412	10.404.642
Derivative Financial Liabilities	-	71.692	-	71.692
Total Liabilities	-	71.692	-	71.692

Prior Period 31.12.2020	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	-	980.872	-	980.872
Government Debt Securities	-	980.872	-	980.872
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.135.320	-	10.412	5.145.732
Marketable Securities	-	-	10.412	10.412
Government Debt Securities	4.655.109	-	-	4.655.109
Other Marketable Securities	480.211	-	-	480.211
Derivative Financial Assets	-	28.253	-	28.253
Total Assets	5.135.320	1.009.125	10.412	6.154.857
Derivative Financial Liabilities	-	19.440	-	19.440
Total Liabilities	-	19.440	-	19.440

XIV. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

The Bank does not provide trading, custody and fund management services on behalf and account of its customers. The bank does not make faith-based transaction contracts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. a) Information on cash and balances with Central Bank of the Republic of Turkey

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Cash/Foreign Currency	55.164	478.398	34.139	185.722
Central Bank of the Republic of Turkey ^(*)	3.011.049	11.477.192	375.440	4.821.782
Other	-	268.888	-	60.037
Total	3.066.213	12.224.478	409.579	5.067.541

^(*) According to the letter of BRSA dated 3 January 2008, it includes the average TL required reserve balance.

1. a.1) Information on Required Reserves:

According to the CBRT's Communiqué No: 2013/15 on Required Reserves, the Bank establishes a reserve requirement at the CBRT for Turkish currency and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold according to the "Communiqué on Required Reserves" at the CBRT.

As of 31 December 2021, the applicable rates for required reserves established at the CBRT are between 3% and 8% for Turkish currency deposits and other liabilities (31 December 2020: 1% to 6%); It is between 5% and 26% for foreign currency deposits and other liabilities (31 December 2020: 5% to 22%).

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 15/4/2022 It has been decided not to apply an annual commission of 1,5% to the banks that have reached the 10% level and the 20% level as of the 8/7/2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022.

b) Information on the account of the Central Bank of the Republic of Turkey:

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3.011.049	11.477.192	375.440	4.821.782
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	3.011.049	11.477.192	375.440	4.821.782

^(*) TL, FC and Gold required reserves established in accordance with the "Communiqué on Required Reserves" are included in the amounts in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Information on banks and other financial institutions:

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Banks				
Domestic Banks	9.647	1.750.708	12.394	3.688.774
Foreign Banks	-	1.589.785	-	1.098.600
Foreign Head Office and Branches	-	-	-	-
Total	9.647	3.340.493	12.394	4.787.374

3. Financial assets at fair value through profit or loss

	Current Period 31.12.2021	Prior Period 31.12.2020
Financial Assets at Fair Value Through Profit/Loss	1.787.541	808.723
Other Dividends and Income Rediscunts	7.775	187.229
Provision for Impairment (-)	-	(15.080)
Total	1.795.316	980.872

4. a) Explanation regarding the comparison of net values of financial assets through other comprehensive income available-for-sale given or blocked as collateral and subject to repurchase agreements

	Current Period 31.12.2021	Prior Period 31.12.2020
Assets Subject to Repurchase Agreements	2.520.412	2.145.367
Assets Blocked/Given as Collateral	432.735	147.536
Total ^(*)	2.953.147	2.292.903

^(*) Accruals and provisions for impairment are not included.

b) Information on on financial assets at fair value through other comprehensive income

	Current Period 31.12.2021	Prior Period 31.12.2020
Debt Securities	8.700.787	5.282.808
Quoted in Stock Exchange	8.700.787	5.282.808
Not Quoted in Stock Exchange	-	-
Share Certificates	10.412	10.412
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange ^(*)	10.412	10.412
Provision for Impairment (-) ^(**)	121.629	147.488
Total	8.589.570	5.145.732

^(*) The aforementioned amounts consist of the Credit Guarantee Fund amounting to TL 2.753 and TL 7.659 paid by the Bank to JCR Avrasya Rating A.Ş. Guarantee Fund, 2.753 JCR Avrasya Rating A.Ş.).

^(**) It includes the negative differences between the acquisition costs of financial assets and market prices.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Information on derivative financial assets

a) Information on derivative assets at fair value through profit or loss

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Forward Transactions	12.764	2.138	889	-
Swap Transactions	-	4.854	27.355	9
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	12.764	6.992	28.244	9

6. Information related to loans

a) Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	1.646	-	540	-
Corporate Shareholders	1.646	-	540	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	12.097	-	5.804	-
Total ^(*)	13.743	-	6.344	-

(*) Includes rediscount amounts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Information on the first and second group loans and other receivables including restructured loans

Current Period 31.12.2021	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Restructured	
			Loans with revised contract terms	Refinancing
Loans (*)	53.768.738	726.044	146.424	1.070.927
Export Loans	6.068.843	1.725	-	-
Import Loans	133.565	-	-	-
Commercial Loans	38.789.834	666.068	146.424	1.070.927
Consumer Loans	5.250.103	48.224	-	-
Credit Cards	27.404	168	-	-
Loans Given to Financial Sector	176.454	-	-	-
Other (**)	3.322.535	9.859	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals and Rediscounts	1.082.699	52.153	22	42.569
Total	54.851.437	778.197	146.446	1.113.496

Prior Period 31.12.2020	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Restructured	
			Loans with revised contract terms	Refinancing
Loans(*)	35.213.881	486.490	7.816	661.077
Export Loans	2.814.464	4.080	-	-
Import Loans	63.885	-	-	-
Commercial Loans	24.477.947	406.370	7.816	661.077
Consumer Loans	4.810.580	7.259	-	-
Credit Cards	4.591	10	-	-
Loans Given to Financial Sector	960.141	-	-	-
Other(**)	2.082.273	68.771	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals and Rediscounts	613.567	16.823	-	42.705
Total	35.827.448	503.313	7.816	703.782

^(*) Related amounts do not include finance lease receivables.

^(**) As of 31 December 2021, TL 39.633 (31 December 2020: TL 33.033) of the related balance consists of funds provided by the musharakah partnership financing method. As of 31 December 2021, the Bank has accounted for these fixed musharakah financing loans, which it carries in its statement of financial position, at historical cost in accordance with Interest-Free Finance Accounting Standard 4: Musharakah Financing "FFMS 4" Article 2/3/1.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Expected Credit Loss of Stage 1 and Stage 2	Current Period 31.12.2021		Prior Period 31.12.2020	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	228.215	-	128.318	-
Significant Increase in Credit Risk	-	168.969	-	236.065

Number of Extensions	Current Period 31.12.2021		Prior Period 31.12.2020	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
1 or 2 Times Extended	294.941	1.217.351	193.975	668.893
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	294.941	1.217.351	193.975	668.893

Extension Periods	Current Period 31.12.2020		Prior Period 31.12.2020	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
0 - 6 Months	31	28.422	-	24.485
6 Months - 12 Months	7.784	11.784	109.355	241.825
1 - 2 Years	173.766	591.041	33.198	153.176
2 - 5 Years	101.508	558.319	1.229	2.369
5 Years and Over	11.852	27.785	50.193	247.038
Total	294.941	1.217.351	193.975	668.893

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c. Loans according to maturity structure

Current Period 31.12.2021

	Standard Loans and Other Receivables	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured
Short-term Loans	12.976.249	355.450	8.987
Medium and Long-term Loans	40.792.489	370.594	1.208.364
Total	53.768.738	726.044	1.217.351

Prior Period 31.12.2020

	Standard Loans and Other Receivables	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured
Short-term Loans	7.513.548	300.792	12.567
Medium and Long-term Loans	27.700.333	185.698	656.326
Total	35.213.881	486.490	668.893

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

Current Period 31.12.2021	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	12.812	5.275.390	5.288.202
Housing Loans	2.438	4.908.801	4.911.239
Vehicle Loans	2.146	142.921	145.067
Consumer Loans	8.228	223.668	231.896
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	25.620	44	25.664
With Installment	7.247	35	7.282
Without Installment	18.373	9	18.382
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	157	9.968	10.125
Housing Loans	-	2.698	2.698
Vehicle Loans	-	128	128
Consumer Loans	157	7.142	7.299
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1.901	7	1.908
With Installment	353	1	354
Without Installment	1.548	6	1.554
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	40.490	5.285.409	5.325.899

(*) Profit share rediscount amounting to TL 76.119 is not included in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	32.041	4.780.664	4.812.705
Housing Loans	2.229	4.474.142	4.476.371
Vehicle Loans	1.093	171.567	172.660
Consumer Loans	28.719	134.955	163.674
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	3.934	4	3.938
With Installment	1.180	4	1.184
Without Installment	2.754	-	2.754
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	61	5.073	5.134
Housing Loans	-	-	-
Vehicle Loans	-	89	89
Consumer Loans	61	4.984	5.045
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	655	8	663
With Installment	112	7	119
Without Installment	543	1	544
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	36.691	4.785.749	4.822.440

(*) Profit share rediscount amounting to TL 47.414 is not included in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

e) Information on installment commercial loans and corporate credit cards

Current Period 31.12.2021	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	122.846	829.455	952.301
Business Loans	-	35.282	35.282
Vehicle Loans	122.846	794.173	917.019
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	20	20
Business Loans	-	-	-
Vehicle Loans	-	20	20
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	44.336	44.336
With Installment	-	-	-
Without Installment	-	44.336	44.336
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	122.846	873.811	996.657

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	120.795	531.124	651.919
Business Loans	-	41.214	41.214
Vehicle Loans	107.336	489.910	597.246
Consumer Loans	13.459	-	13.459
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	2.943	2.943
Business Loans	-	-	-
Vehicle Loans	-	2.943	2.943
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	23.550	23.550
With Installment	-	-	-
Without Installment	-	23.550	23.550
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	120.795	557.617	678.412

f) Loans according to types of borrower:

	Current Period 31.12.2021	Prior Period 31.12.2020
Public	1.858.537	461.569
Private	53.853.596	35.907.695
Profit Share Income Accruals and Rediscounts	1.177.443	673.095
Total *	56.889.576	37.042.359

(*) Financial lease receivables and non-performing loans are not included.

g) Breakdown of domestic and international loans

	Current Period 31.12.2021	Prior Period 31.12.2020
Domestic Loans	54.953.912	36.256.108
Foreign Loans	758.221	113.156
Profit Share Income Accruals and Rediscounts	1.177.443	673.095
Total^(*)	56.889.576	37.042.359

(*) Financial lease receivables and non-performing loans are not included.

Ziraat Katılım Bankası A.Ş.**NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

h) Loans granted to subsidiaries and participations

As of 31 December 2021, the Bank has no loans granted to subsidiaries and participations (31 December 2020: None).

i) Provision for default (Stage 3/Specific Provision)

	Current Period 31.12.2021	Prior Period 31.12.2020
Loans and receivables with limited collectability	16.240	83.330
Loans and receivables with doubtful collectability	252.060	89.754
Uncollectible loans and other receivables	1.069.412	615.759
Total	1.337.712	788.843

j) Information on lease receivables**j.1) Analysis of investments made in financial leasing by remaining maturity**

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Gross	Net	Gross	Net
Less than 1 year	449.965	431.939	229.444	218.891
1-5 year	8.174.378	7.132.872	4.431.155	3.904.522
More than 5 years	2.363.504	1.981.453	1.262.735	1.012.806
Total	10.987.847	9.546.264	5.923.334	5.136.219

j.2) Information on net investments in financial leasing

	Current Period 31.12.2021	Prior Period 31.12.2020
Gross Financial Lease Receivable	10.987.847	5.923.334
Unearned Financial Income from Financial Lease (-)	(1.441.583)	(787.115)
Canceled Rental Amounts	-	-
Total	9.546.264	5.136.219

k) Information on non-performing receivables (net)**k.1) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled:**

As of 31 December 2021, the sum of the Bank's non-performing loans restructured or rescheduled for a new redemption plan and other receivables is 126.321 TL (31 December 2020: 13.039).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

k.2) Information on the movement of total non-performing loans

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period 31.12.2021			
Ending balance of prior period	203.447	172.400	805.211
Additions in the current period (+)	566.363	73.959	290.792
Transfers from other categories of non-performing loans (+)	-	483.623	320.417
Transfers to other categories of non-performing loans (-)	483.623	320.417	-
Collections in the current period (-)	244.720	18.369	150.107
Write offs (-) ^(*)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	41.467	391.196	1.266.313
Expected Loss Provision (Stage 3) (-)	16.240	252.060	1.069.412
Net balance on balance sheet	25.227	139.136	196.901

^(*) Includes transfers to first and second group loans amounting to TL 42.558.

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Prior Period 31.12.2020			
Ending balance of prior period	155.555	195.532	324.195
Additions in the current period (+)	454.803	230.798	240.742
Transfers from other categories of non-performing loans (+)	-	392.746	503.145
Transfers to other categories of non-performing loans (-)	392.746	503.145	-
Collections in the current period (-)	14.165	143.531	161.825
Write offs (-) ^(*)	-	-	101.046
Corporate and commercial loans	-	-	101.046
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	203.447	172.400	805.211
Expected Loss Provision (Stage 3) (-)	83.330	89.754	615.759
Net balance on balance sheet	120.117	82.646	189.452

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

k.3) Information on foreign currency non-performing loans

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Current Period (31.12.2021)			
Ending balance of the current period	-	14.502	415.568
Expected Loss Provision (Stage 3) (-)	-	8.142	358.580
Net balance on balance sheet	-	6.360	56.988
	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Prior Period (31.12.2020)			
Ending balance of the current period	14.935	57.475	221.893
Expected Loss Provision (Stage 3) (-)	4.056	32.515	167.226
Net balance on balance sheet	10.879	24.960	54.667

l) Gross and net amounts of non-performing receivables according to user groups

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	25.227	139.136	196.901
Loans to Real Persons and Legal Entities (Gross)	41.467	391.196	1.266.313
Specific Provisions (-)	16.240	252.060	1.069.412
Loans to Real Persons and Legal Entities (Net)	25.227	139.136	196.901
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	120.117	82.646	189.452
Loans to Real Persons and Legal Entities (Gross)	203.447	172.400	805.211
Specific Provisions (-)	83.330	89.754	615.759
Loans to Real Persons and Legal Entities (Net)	120.117	82.646	189.452
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information on accruals, valuation differences and related provisions calculated for non performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Current Period End Balance 31.12.2021			
Profit Share Accrual and Valuation Differences Provision	2.009	26.474	192.499
Provision Amount (-)	822	15.514	160.127
Prior Period End Balance 31.12.2020			
Profit Share Accrual and Valuation Differences Provision	9.402	17.192	74.182
Provision Amount (-)	3.994	8.714	60.296

Provision changes according to TFRS 9

	Current Period 31.12.2021			
	1. Stage	2. Stage	3. Stage	Total
Balance at the Beginning of the Period	128.318	236.065	788.843	1.153.226
Addition	140.975	107.509	541.460	789.944
Disposals(-)	(33.896)	(87.199)	(87.179)	(208.274)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	548	(539)	(9)	-
Transfer to Stage 2	(6.923)	7.084	(161)	-
Transfer to Stage 3	(807)	(93.951)	94.758	-
Balance at the Closing of the Period	228.215	168.969	1.337.712	1.734.896
	Prior Period 31.12.2020			
	1. Stage	2. Stage	3. Stage	Total
Balance at the Beginning of the Period	49.467	56.606	467.773	573.846
Addition	85.387	216.872	417.298	719.557
Disposals(-)	(11.713)	(19.694)	(7.725)	(39.132)
Sold (-)	-	-	(101.045)	(101.045)
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	6.103	(6.103)	-	-
Transfer to Stage 2	(915)	5.937	(5.022)	-
Transfer to Stage 3	(11)	(17.553)	17.564	-
Balance at the Closing of the Period	128.318	236.065	788.843	1.153.226

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Cash loan changes according to TFRS 9

	Current Period 31.12.2020			
	1. Stage	2. Stage	3. Stage	Total
Balance at the Beginning of the Period	40.426.874	1.751.704	1.181.058	43.359.636
Addition	33.320.802	351.643	388.703	34.061.148
Disposals(-)	(8.813.386)	(78.268)	(245.152)	(9.136.806)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	159.267	(155.657)	(3.610)	-
Transfer to Stage 2	(878.056)	893.328	(15.272)	-
Transfer to Stage 3	(77.269)	(465.142)	542.411	-
Balance at the Closing of the Period	64.138.232	2.297.608	1.698.976	68.134.816

(*) Includes 9.286.795 TL in the first stage and 259.469 TL in the second stage.

	Prior Period 31.12.2020			
	1. Stage	2. Stage	3. Stage	Total
Balance at the Beginning of the Period	26.765.484	2.124.264	675.282	29.565.030
Addition	22.861.738	239.857	302.932	23.404.527
Disposals(-)	(9.131.240)	(257.645)	(119.991)	(9.508.876)
Sold (-)	-	-	(101.045)	(101.045)
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	366.194	(366.194)	-	-
Transfer to Stage 2	(430.123)	445.945	(15.822)	-
Transfer to Stage 3	(5.179)	(434.523)	439.702	-
Balance at the Closing of the Period	40.426.874	1.751.704	1.181.058	43.359.636

(*) Includes 4.599.426 TL in the first stage and 536.793 TL in the second stage.

m) Information on liquidating policy of uncollectible loans and other receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures.

n) Explanations on write-off policy

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Financial assets at amortized cost

a) Information on government debt securities measured at amortized cost

	Current Period 31.12.2021	Prior Period 31.12.2020
Debt Securities	1.327.957	779.437
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	-	-
Provision of Impairment (-)	-	-
Total	1.327.957	779.437

b) Information on other financial assets valued at amortized cost

None (31 December 2020: None).

c) Information on government debt securities measured at amortized cost

As of 31 December 2021, government debt securities measured at amortized cost of the Bank is TL 1.327.957 (31 December 2020: TL 779.437).

	Current Period 31.12.2021	Prior Period 31.12.2020
Balances at Beginning of Period	779.437	547.750
Foreign Currency Differences on Monetary Assets	396.879	191.227
Purchases during the Period ^(*)	151.641	40.460
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
Balances at End of Period	1.327.957	779.437

^(*) Rediscounts are shown in "Purchases during the period" line.

8. Information on assets related to trading investments and discontinued operations:

As of 31 December 2021, the amount of assets due to trading is TL 307.881 (31 December 2020: TL 75.240).

	Current Period 31.12.2021	Prior Period 31.12.2020
Beginning Balance (Net)	75.240	104.069
Changes During the Period (Net)	232.641	(28.829)
Amount of Depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net)*	307.881	75.240

^(*) The bank has a right of fidelity of over TL 247.112 of assets held for sale (31 December 2020: 57.817).

As of 31 December 2021, the Bank has no discontinued operations (31 December 2020: None).

Ziraat Katılım Bankası A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

9. Equity Investments

a) Information about in associates (net):

None (31 December 2020: None).

b) Information on subsidiaries (net)

b.1) Information on unconsolidated subsidiaries

	Name	Address (City/Country)	Bank's share percentage - if different voting percentage (%)	Risk share percentage of other shareholders (%)
1	Ziraat Katılım Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100	100
2	ZKB Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100	100

	Total Assets	Shareholders Equity	Total Fixed Assets	Dividend or profit share income	Income from marketable securities	Current Period Income/Loss	Prior period Income/Loss ^(*)	Fair Value	Needed Shareholders Equity
1 ^(*)	4.157.332	343	-	609.763	-	176	95	-	-
2 ^(*)	203.297	87	-	3.267	-	3	22	-	-

^(*) Independently audited financial statements of 31 December 2021 are used.

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance at the beginning of the year	100	100
Movements during the year	-	-
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Revaluation/Impairment	-	-
Balance at the end of the year	100	100
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

b.2) Sectoral information on unconsolidated subsidiaries and the related carrying amounts

	Current Period 31.12.2021	Prior Period 31.12.2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	100	100

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b.3) Subsidiaries that are quoted on the stock exchange

None (31 December 2020: None).

c) Information on entities under common control (joint ventures):

None (31 December 2020: None).

10. Explanations on property and equipment

	Immovable	Right of Use of Immovable	Movable	Right of Use of Movable	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End:							
Cost	-	145.703	89.051	20.924	52.052	-	307.730
Accumulated Depreciation (-)	-	44.250	47.532	7.293	30.691	-	129.766
Net Book Value	-	101.453	41.519	13.631	21.361	-	177.964
Current Period End:							
Net Book Value at the Beginning of the Period	-	101.453	41.519	13.631	21.361	-	177.964
Change During the Period (Net)	-	50.597	50.583	10.145	12.630	-	123.955
Cost	-	76.318	56.162	14.006	20.560	-	167.046
Amortization (Net) (-)	-	25.721	5.579	3.861	7.930	-	43.091
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	222.021	145.213	34.930	72.612	-	474.776
Accumulated Depreciation at Period End (-)	-	69.971	53.111	11.154	38.621	-	172.857
Provision for Impairment (-)	-	-	-	-	-	-	-
Closing Net Book Value	-	152.050	92.102	23.776	33.991	-	301.919

For the impairment, which are either recorded or canceled in the current period and each or some of them are not important for the whole of the financial statements, the sum of the impairment amounts that are separated or canceled by the related asset groups and the events and conditions that cause them: None.

Pledges, mortgages and other restrictions on tangible assets, amount of expenses made during construction for tangible assets, commitments made for purchase of tangible assets: None

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

11. Explanations on intangible assets:

	Current Period 31.12.2021			Prior Period 31.12.2020		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	280.415	56.576	223.839	198.433	37.176	161.257
Total	280.415	56.576	223.839	198.433	37.176	161.257

- In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- The method in which intangible assets acquired under government incentives and recorded with fair value at initial recognition are valued after the first registration date: None.
- Book value of intangible assets with restrictions on use or pledged: None.
- Amount of commitments given for acquisition of intangible asset: None.
- Intangible assets based on revalued asset type: None.
- Total amount of research and development expenses recorded in the period, if any: None.
- Positive or negative consolidation goodwill that are originated from partnerships which their financial statements are unconsolidated: Not applied to the financial statements with consolidation.
- Information on goodwill: None.

12. Information on the investment properties:

As of 31 December 2021, the Bank has no investment properties (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

13. Information on deferred tax asset:

As at 31 December, deferred tax liabilities of TL 183.007 (31 December 2020: TL 68.859) and deferred tax assets of TL 484.336 (31 December 2020: TL 177.456) have been offset and TL 301.329 deferred tax asset (31 December 2020: TL 108.597 deferred tax asset) is reflected in the financial statements.

	Current Period 31.12.2021	Prior Period 31.12.2020
Deferred Tax Assets	484.336	177.456
Deferred Tax Liabilities	183.007	68.859
Net Deferred Tax Assets	301.329	108.597
Net Deferred Tax Income	202.259	47.615

	Current Period 31.12.2021	Prior Period 31.12.2020
Reserve for Employee Benefits	13.165	11.347
Short-term Employee Benefits	47.721	38.273
Financial Assets Valuation Differences	57.375	28.650
Other	183.068	30.327
Net Deferred Tax Asset	301.329	108.597

14. Information on other assets:

As of 31 December 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. a) Information on funds collected

a.1) Information on maturity structure of funds collected

Current Period 31.12.2021	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year andover	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TL	1.080.407	-	-	-	-	-	-	-	1.080.407
II. Real persons participation accounts non-trade TL	-	689.629	6.452.687	129.875	85.879	1.828	305.761	-	7.665.659
III. Other current accounts-TL	6.128.613	-	-	-	-	-	-	-	6.128.613
Public sector	167.917	-	-	-	-	-	-	-	167.917
Commercial sector	1.749.391	-	-	-	-	-	-	-	1.749.391
Other institutions	76.861	-	-	-	-	-	-	-	76.861
Commercial and other institutions	517	-	-	-	-	-	-	-	517
Banks and participation banks	4.133.927	-	-	-	-	-	-	-	4.133.927
Central Bank of Republic of Turkey	117	-	-	-	-	-	-	-	117
Domestic banks	774	-	-	-	-	-	-	-	774
Foreign banks	4.133.014	-	-	-	-	-	-	-	4.133.014
Participation banks	22	-	-	-	-	-	-	-	22
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	2.898.139	10.399.835	918.222	318.592	280.004	25.512	-	14.840.304
Public sector	-	816.825	1.110.069	124.235	41.131	78.548	-	-	2.170.808
Commercial sector	-	2.068.417	7.387.720	724.434	255.743	201.456	22.075	-	10.659.845
Other institutions	-	12.897	1.379.432	69.553	21.718	-	3.437	-	1.487.037
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	522.614	-	-	-	-	-	522.614
V. Real persons current accounts non-trade FC	3.803.345	-	-	-	-	-	-	-	3.803.345
VI. Real persons participation accounts-FC	-	591.893	9.616.802	184.883	-	280.987	2.053.298	-	12.727.863
VII. Other current accounts-FC	8.580.782	-	-	-	-	-	-	-	8.580.782
Commercial residents in Turkey	8.406.586	-	-	-	-	-	-	-	8.406.586
Commercial residents in Abroad	159.312	-	-	-	-	-	-	-	159.312
Banks and participation banks	14.884	-	-	-	-	-	-	-	14.884
Central Bank of Republic of Turkey	6.090	-	-	-	-	-	-	-	6.090
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	8.794	-	-	-	-	-	-	-	8.794
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	466.502	9.830.320	231.336	80.902	1.129	7.741.954	-	18.352.143
Public sector	-	-	1.352	-	-	-	-	-	1.352
Commercial sector	-	464.496	9.723.205	231.262	80.902	1.129	7.739.071	-	18.240.065
Other institutions	-	2.006	34.110	74	-	-	2.883	-	39.073
Commercial and other institutions	-	-	71.653	-	-	-	-	-	71.653
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	2.012.422	-	2.642.744	11.673	38.902	-	49.040	-	4.754.781
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I+II+.....+IX+X+XI)	21.605.569	4.646.163	38.942.388	1.475.989	524.275	563.948	10.175.565	-	77.933.897

(*) As of 31 December 2021, it includes 107.752 TL of CBRT Currency Protected Participation Account and 969.122 TL of Treasury Currency Protected Participation Account products.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TL	547.690	-	-	-	-	-	-	-	547.690
II. Real persons participation accounts non-trade TL	-	460.869	4.921.147	47.420	-	57.942	306.722	-	5.794.100
III. Other current accounts-TL	5.992.502	-	-	-	-	-	-	-	5.992.502
Public sector	173.231	-	-	-	-	-	-	-	173.231
Commercial sector	1.219.808	-	-	-	-	-	-	-	1.219.808
Other institutions	47.949	-	-	-	-	-	-	-	47.949
Commercial and other institutions	633	-	-	-	-	-	-	-	633
Banks and participation banks	4.550.881	-	-	-	-	-	-	-	4.550.881
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	6	-	-	-	-	-	-	-	6
Foreign banks	4.550.867	-	-	-	-	-	-	-	4.550.867
Participation banks	8	-	-	-	-	-	-	-	8
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	1.700.665	10.174.612	94.150	-	220.688	378.157	-	12.568.272
Public sector	-	620.289	899.416	41.069	-	106.655	-	-	1.667.429
Commercial sector	-	1.053.627	8.465.785	49.958	-	114.030	378.068	-	10.061.468
Other institutions	-	26.749	795.695	3.123	-	3	89	-	825.659
Commercial and other institutions	-	-	6.782	-	-	-	-	-	6.782
Banks and participation banks	-	-	6.934	-	-	-	-	-	6.934
V. Real persons current accounts-FC	1.495.884	-	-	-	-	-	-	-	1.495.884
VI. Real persons participation accounts non-trade FC	-	493.578	5.322.190	73.336	-	143.786	1.285.468	-	7.318.358
VII. Other current accounts non-trade FC	2.638.698	-	-	-	-	-	-	-	2.638.698
Commercial residents in Turkey	2.571.320	-	-	-	-	-	-	-	2.571.320
Commercial residents in Abroad	63.298	-	-	-	-	-	-	-	63.298
Banks and participation banks	4.080	-	-	-	-	-	-	-	4.080
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	4.080	-	-	-	-	-	-	-	4.080
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	309.325	5.963.344	35.670	-	47.954	592.942	-	6.949.235
Public sector	-	-	2.009	-	-	-	-	-	2.009
Commercial sector	-	309.230	5.941.971	35.551	-	47.954	592.942	-	6.927.648
Other institutions	-	95	8.475	119	-	-	-	-	8.689
Commercial and other institutions	-	-	10.889	-	-	-	-	-	10.889
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	1.325.471	-	1.651.045	44.328	-	19.203	41.364	-	3.081.411
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I+II+.....+IX+X+XI)	12.000.245	2.964.437	28.032.338	294.904	-	489.573	2.604.653	-	46.386.150

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

a.2) Exceeding Amounts of Insurance Limit:

i. Information's on current and participation accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund

	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period 31.12.2021	Prior Period 31.12.2020	Current Period 31.12.2021	Prior Period 31.12.2020
Real persons current and participation accounts that are not subject to commercial activities	7.959.088	6.262.307	21.375.856	11.597.180
TL accounts	4.068.648	3.102.912	4.677.418	3.238.877
FC accounts	3.890.440	3.159.395	16.698.438	8.358.303
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

ii. Amounts which are not within the scope of insurance

Participation fund of the real persons who are not within the scope of Saving Deposits Insurance Fund

	Current Period 31.12.2021	Prior Period 31.12.2020
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	142	672
Profit sharing account and other accounts within the scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No: 5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

2. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	4.476.794	1.540.520	4.397.336	1.012.839
From Foreign Banks, Institutions and Funds	-	147.531	-	33.689
Total	4.476.794	1.688.051	4.397.336	1.046.528

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Information on maturity structure of borrowings

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Short-term	4.262.902	801.105	4.121.770	750.707
Medium and Long-term	213.892	886.946	275.566	295.821
Total	4.476.794	1.688.051	4.397.336	1.046.528

c) Concentrations of the Bank's major liabilities, funder customer, segments or other criteria which are seen risk concentrations

79% of liabilities consists of current and participation account.

3. Information on funds obtained from money market transactions

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Domestic	3.784.645	-	2.101.073	-
Financial Institutions	3.784.645	-	2.101.073	-
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	3.784.645	-	2.101.073	-

4. Information on securities issued

None (31 December 2020: None).

5. Information on financial liabilities at fair value through profit and loss

None (31 December 2020:None).

6. Information on derivative financial liabilities

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Forward transactions	-	-	-	19.213
Swap transactions	70.653	1.039	-	227
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	70.653	1.039	-	19.440

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Information on financial lease obligations

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Gross	Net	Gross	Net
Less than 1 year	63.632	36.170	73.018	42.158
Between 1-5 years	84.602	64.630	126.116	78.453
More than 5 years	180.579	93.663	9.770	7.023
Total	328.813	194.463	208.904	127.634

8. Information on provisions:

a) Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans and financial lease receivables

There is no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2020: None).

b) Information on special provisions related with uncompensated and non- liquidated non-cash loans

The expected credit loss provision for non-compensated and non-cash loans is TL 29.168 (31 December 2020: TL 26.708).

c) Information on other provisions

c.1) Information on free provisions for possible risks

As of 31 December 2021, the amount of free provision for possible risks, all of which has been set aside in previous years is TL 20.000, and TL 25.000 has been canceled in the current year (31 December 2020: TL 45.000).

c.2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount

As of 31 December 2021 TL 428.989 (31 December 2020: TL 206.087) of other provisions was allocated from the profits to be distributed to participation accounts, TL 1.612 (31 December 2020: TL 147) of the provisions for foreign currency purchases and sales transactions, 226 The portion amounting to TL (31 December 2020: None) consists of the provision for promotional practices regarding credit cards and banking services.

c.3) Information on litigation provisions

A provision of TL 55.135 has been set aside in the financial statements for lawsuits that have not yet been finalized against the bank (31 December 2020: TL 36.613).

d) Information on provisions for employee benefits

d.1) Employment termination benefits and unused vacation rights

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service, excluding resignation or misconduct, whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire. As of the date of 31 December 2021, the amount payable consists of one month's salary limited to a maximum of TL 8.285 (full TL) (31 December 2020: TL 7.117 (full TL)) for each year of service.

The Bank uses actuarial method in the calculation and recognition of severance pay with in the standard of TAS 19 - "Turkish Accounting Standard on Employee Benefits".

The Bank used its own parameters in the calculation of the total liabilities which were calculated with the actuary assumptions.

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	Current Period 31.12.2021	Prior Period 31.12.2020
Discount Rate (%)	19,10%	12,80%
Inflation (%)	15,80%	10,10%

Movements in the reserve for employment termination benefits during period are as follows:

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance at the 1 January	18.984	8.662
Total Provisions During the Period	8.179	16.489
Paid During the Period	(1.115)	(429)
Actuarial loss/(gain)	211	(5.738)
Balance at the end of the period	26.259	18.984

As of 31 December 2021, the Bank has a TL 10.500 short-run employees rights provision (31 December 2020: TL 7.250).

d.2) Retirement Benefits

Based on the results of the actuarial report, which is calculated with the actuarial rate 9,80% as determined in the Law numbered 5754, published on the Official Gazette dated 8 May 2008 and numbered 26870, as of 31 December 2021, no technical deficit has been reported.

As of the balance sheet date, the Bank's liability for the benefits to be transferred to SGK is the estimated amount of payment that will be required to be made during the transfer to SGK. The actuarial parameters and the results used in the measurement of this amount reflect the provisions of Law No. 5754 on the pension and health benefits to be transferred to the SGK (9,80% real discount rate, etc.) published in the Official Gazette dated 8 May 2008 and numbered 26870.

d.3) Additional Bonus Provision to be paid to Personnel

The Bank has a total of 500 TL provision in the current period, based on the additional bonus to be paid to the personnel (31 December 2020: 29.836).

9. Explanations on tax liability

a) Explanations on current tax liability

As of 31 December 2021, the Group has a current tax liability of 350.441 TL (31 December 2020: 96.632 TL).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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b) Information on taxes payable

	Current Period 31.12.2021	Prior Period 31.12.2020
Corporate Tax Payable	282.895	57.157
Taxation on Income From Securities	28.932	18.264
Property Tax	475	159
Banking Insurance Transactions Tax (BITT)	19.237	12.977
Foreign Exchange Transactions Tax	5.578	1.099
Value Added Tax Payable	8.809	3.642
Other	3.998	2.975
Total	349.924	96.273

c) Information on premiums:

	Current Period 31.12.2021	Prior Period 31.12.2020
Social Security Premiums – Employee	15	8
Social Security Premiums – Employer	7	14
Bank Social Aid Pension Fund Premium - Employee	-	1
Bank Social Aid Pension Fund Premium - Employer	-	7
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	165	110
Unemployment Insurance – Employer	330	219
Other	-	-
Total	517	359

10) Information on deferred tax liabilities

The Bank has no deferred tax liability as of the balance sheet date (31 December 2020: None).

11. Information on payables for assets held for sale and discontinued operations

The Bank does not have any payables for assets held for sale and discontinued operations (31 December 2020: None).

12. Explanations on subordinated debts

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
From Domestic Banks	1.341.500	-	312.489	-
Domestic Other Organizations	-	1.314.363	-	768.037
From Foreign Banks	-	-	-	-
Overseas Other Organizations	-	-	-	-
Total	1.341.500	1.314.363	312.489	768.037

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	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation:	-	1.314.363	-	768.037
Subordinated Loans ^(*)	-	1.314.363	-	768.037
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:	1.341.500	-	312.489	-
Subordinated Loans	1.341.500	-	312.489	-
Equity-like Debt Instruments	-	-	-	-
Total	1.341.500	1.314.363	312.489	768.037

(*) The Bank provided subordinated loan from Turkey Wealth Funds Market Stability and Equalization Fund in the scope of additional main capital amounting to EUR 100.000 without demand and profit share which is approved by BRSA dated 22 April 2019. The Bank has calculated the fair value of the loan in accordance with TFRS 9 and TFRS 13 using the prices of similar financial instruments on the balance sheet date and reflected them to the financial statements.

13. If the other liabilities of the balance exceed 10% of the balance sheet total, the names and amounts of the sub-accounts constituting at least 20% of them

The amount of other liabilities of balance sheet does not exceed 10% of total amount of balance sheet.

14. Information on shareholders' equity

a) Presentation on paid-in capital:

	Current Period 31.12.2021	Prior Period 31.12.2020
Common stock	1.750.000	1.750.000
Preferred stock	-	-

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the Bank, if so the registered capital ceiling amount

None.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period

None

d) Information on additions from capital reserves to capital in the current period

None.

e) Capital commitments in the last fiscal year and continue until the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments

There is no capital commitments for the last financial year and the end of the following interim period (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of future assumptions based on the uncertainty of these indicators on the Bank's equity

The Bank has no any uncertainty related to profitability and liquidity according to the prior period's indicators (31 December 2020: None).

g) Summary information on privileges given to shares representing the capital

As of 31 December 2021, the Bank has no preferred shares (31 December 2020: None).

h) Disclosure of accumulated other comprehensive income or expenses to be reclassified to profit or loss

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	-	-	-	-
Revaluation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	43.265	(24.008)	(9.259)	(84)
Revaluation Difference	49.994	(24.008)	(12.063)	(84)
Deferred Tax Effect	(6.729)	-	2.804	-
Foreign Exchange Difference	-	-	-	-
Total	43.265	(24.008)	(9.259)	(84)

i) Profit reserves and profit distribution

Legal reserves are divided into first and second reserves in the Turkish Commercial Code ("TCC"). Primary legal reserves are separated from the profit at the rate of 5% until the total reserves reach 20% of the paid-in capital. Secondary legal reserves are allocated at the rate of 10% over cash profit distributions exceeding 5% of the paid-in capital.

At the Bank's Ordinary General Assembly meeting held on 31 March 2021, it was decided to distribute the profit for 2020 as follows:

Profit distribution table for 2020:

Profit for the year 2020	638.562
A - 1 st Tier general legal reserves (TTK 519/A) 5%	31.928
B - First dividend to shareholders	-
C - Extraordinary reserves	606.634
D - Special funds	-

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS

1. Explanations on off-balance sheet liabilities

a) Nature and amount of irrevocable loan commitments

	Current Period 31.12.2021	Prior Period 31.12.2020
Forward Asset Value Trading Commitments	553.864	155.132
Guaranteed Loan Allocation Commitments	-	-
Payment Commitments for Cheques	448.457	268.625
Tax and Fund Liabilities from Export Commitments	22.637	16.428
Commitments for Credit Card Expenditure Limits	141.095	48.071
Other Irrevocable Commitments	534.148	173.340
Commitment to Implementation of Promotions for Credit Card and Banking Services	265	1
Toplam	1.700.466	661.597

b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned

The amount of provision for Stage 3 possible losses arising from the off-balance sheet items is TL 103.959 (31 December 2020: TL 65.327).

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letter of credits

	Current Period 31.12.2021	Prior Period 31.12.2020
Guarantee Letters	22.059.849	12.574.368
Bank Acceptances	33.018	7.687
Letter of Credits	5.073.547	1.380.643
Other Contingencies	2.437.051	1.953.072
Total	29.603.465	15.915.770

b.2) Certain guarantees, temporary guarantees, surety ships and similar transactions

	Current Period 31.12.2021	Prior Period 31.12.2020
Letters of Temporary Guarantees	996.121	945.817
Letters of Certain Guarantees	9.823.046	6.505.269
Letters of Advance Guarantees	2.946.697	592.998
Letters of Guarantees given to Customs Offices	151.838	100.010
Other Letters of Guarantees	8.142.147	4.430.274
Total	22.059.849	12.574.368

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b.3) Total non-cash loans

	Current Period 31.12.2021	Prior Period 31.12.2020
Non-Cash Loans for Providing Cash Loans	8.142.586	4.430.274
With Original Maturity of One Year or Less	1.128.932	406.570
With Original Maturity of More than One Year	7.013.654	4.023.704
Other Non-Cash Loans	21.460.879	11.485.496
Total	29.603.465	15.915.770

c) Information on sectoral risk concentrations of non-cash loans

	Current Period 31.12.2021				Prior Period 31.12.2020			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	75.637	1	78.148	-	56.462	1	56.269	1
Farming and Raising Livestock	15.466	-	42.021	-	38.164	1	34.277	1
Forestry	59.898	1	3.036	-	18.243	-	-	-
Fishing	273	-	33.091	-	55	-	21.992	-
Manufacturing	1.749.611	21	13.418.916	63	1.295.191	19	6.285.349	69
Mining and Quarrying	25.037	-	96.213	-	21.053	-	60.462	1
Production	1.469.394	18	13.212.652	62	1.003.857	15	6.194.957	68
Electric, Gas and Water	255.180	3	110.051	1	270.281	4	29.930	-
Construction	4.184.044	51	2.878.530	13	3.522.025	51	836.526	9
Services	2.260.586	27	4.871.774	23	1.894.262	28	1.887.525	21
Wholesale and Retail Trade	1.580.186	19	2.885.471	14	1.334.199	20	1.053.809	12
Hotel, Food and Beverage Services	57.145	1	331.454	2	56.366	1	144.016	2
Transportation and Telecommunication	157.817	2	590.138	3	123.352	2	367.698	4
Financial Institutions	28.626	-	587.064	3	34.655	1	68.313	1
Real Estate and Leasing Services	317.124	4	220.123	1	293.691	3	222.510	2
Self-employment Services	88.008	1	2.167	-	-	-	-	-
Education Services	3.492	-	20.489	-	2.336	-	22.241	-
Health and Social Services	28.188	-	234.868	-	49.663	1	8.938	-
Other	1.294	-	84.925	1	71.342	1	10.819	-
Total	8.271.172	100	21.332.293	100	6.839.282	100	9.076.488	100

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d) Information on non-cash loans classified in groups I and II:

	I. Group		II. Group	
	TL	FC	TL	FC
Non-cash Loans	8.196.018	20.989.658	75.154	342.635
Letters of Guarantee	8.161.670	13.480.390	75.154	342.635
Aval and Acceptance Loans	-	33.018	-	-
Letters of credit	20.348	5.053.199	-	-
Turnover	-	-	-	-
Our Guarantees for Purchase in Securities Issue	-	-	-	-
From Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	14.000	2.423.051	-	-

2. Explanations on derivative transactions:

	Current Period 31.12.2021	Prior Period 31.12.2020
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	3.270.985	7.281.799
Forward Foreign Exchange Transactions	1.501.702	2.183.637
Swap Money Exchange Transactions	1.769.283	5.098.162
Futures Money Transactions	-	-
Money Trading Options	-	-
Other Trading Derivative Transactions: (II)	-	-
A. Total Trading Derivative Transactions (I+II)	3.270.985	7.281.799
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Derivative Transactions for Total Hedging Purposes	-	-
Total Derivative Transactions (A + B)	3.270.985	7.281.799

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions, those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized, or expense and income from agreements in the income statement in the current period.

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Current Period 31.12.2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives:	1.458	9.225	(90.442)	-	-	(79.759)
- Inflow	298.367	744.421	552.825	-	-	1.595.613
- Outflow	(296.909)	(735.196)	(643.267)	-	-	(1.675.372)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	298.367	744.421	552.825	-	-	1.595.613
Total Outflow	(296.909)	(735.196)	(643.267)	-	-	(1.675.372)

Prior Period 31.12.2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives:	28.293	(14.906)	838	-	-	14.225
- Inflow	3.090.778	548.603	8.631	-	-	3.648.012
- Outflow	(3.062.485)	(563.509)	(7.793)	-	-	(3.633.787)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	3.090.778	548.603	8.631	-	-	3.648.012
Total Outflow	(3.062.485)	(563.509)	(7.793)	-	-	(3.633.787)

3. Explanations on contingent assets and liabilities:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

Payment obligation of the Parent Bank due to checks given to its customers is TL 448.457 (31 December 2020: TL 268.625).

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Explanations on services in the name of others:

The Bank provides safe deposit box services on behalf of real and legal persons. The Bank does not provide consultancy and management services.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS

1. a) Information on profit share received from loans

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Profit share on loans ^(*)	3.912.737	804.787	2.650.825	487.882
Short term loans	1.109.447	124.627	688.309	102.573
Medium and long term loans	2.743.086	667.619	1.901.533	377.501
Profit share on non-performing loans	60.204	12.541	60.983	7.808
Premiums received from resource utilization support fund	-	-	-	-

(*) Includes fees and commissions income on cash loans.

b) Information on profit share income from banks

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	-	2.343	22.086	488
Foreign Banks	-	727	-	1.421
Head Office and Branches	-	-	-	-
Total	-	3.070	22.086	1.909

c) Information on profit share income from securities portfolio

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit and Loss	2.605	19.023	7.457	-
Financial Assets at Fair Value through Other Comprehensive Income	622.760	62.480	525.705	34.947
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	-	94.465	-	40.460
Total	625.365	175.968	533.162	75.407

d) Information on profit share income received from associates and subsidiaries

None (31 December 2020: None).

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2. a) Information on profit share expense on borrowing

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Banks	47.048	27.585	100.342	55.051
Central Bank of the Republic of Turkey	-	-	2.428	-
Domestic Banks	33.323	16.756	5.625	39.332
Foreign Banks	13.725	10.829	92.289	15.719
Head Office and Branches	-	-	-	-
Other Institutions	729.349	102.262	327.137	43.679
Total	776.397	129.847	427.479	98.730

b) Information on profit share expense given to associates and subsidiaries

The amount of profit share expense given to associates and subsidiaries is TL 609.763 (31 December 2020: TL 327.137).

c) Information on profit share expense paid to securities issued

None (31 December 2020: None).

d) Presentation of dividends paid to participation accounts according to maturity structure

Current Period 31.12.2021 Account Name	Participation Accounts					
	1 month	3 months	6 months	1 year	Over 1 year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	57.829	-	-	-	57.829
Real Person's Non Commercial Participation Accounts	102.498	693.543	5.776	7.809	34.135	843.761
Public Sector Participation Accounts	60.337	88.787	22.329	22.150	-	193.603
Commercial Sector Participation Accounts	188.337	1.331.341	56.678	38.494	15.827	1.630.677
Other Institutions Participation Accounts	4.794	183.686	10.772	1.357	438	201.047
Total	355.966	2.355.186	95.555	69.810	50.400	2.926.917
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	6	-	-	-	-	6
Real Person's Non Commercial Participation Accounts	5.621	64.361	1.117	1.994	24.291	97.384
Public Sector Participation Accounts	3	8	-	-	-	11
Commercial Sector Participation Accounts	711	13.731	429	3.520	875	19.266
Other Institutions Participation Accounts	1.647	59.735	4.197	3.093	112.923	181.595
Public Sector Participation Accounts	-	8.036	622	116	203	8.977
Total	7.988	145.871	6.365	8.723	138.292	307.239
Grand Total	363.954	2.501.057	101.920	78.533	188.692	3.234.156

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Prior Period 31.12.2020 Account Name	Participation Accounts					
	1 month	3 months	6 months	1 year	Over 1 year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	14	-	-	-	14
Real Person's Non Commercial Participation Accounts	55.456	420.858	5.616	5.466	28.565	515.961
Public Sector Participation Accounts	31.401	42.276	8.558	19.858	5.455	107.548
Commercial Sector Participation Accounts	66.019	537.096	14.481	31.788	25.261	674.645
Other Institutions Participation Accounts	6.020	45.690	8.292	144	58	60.204
Total	158.896	1.045.934	36.947	57.256	59.339	1.358.372
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	-	-	-	-	-	-
Real Person's Non Commercial Participation Accounts	4.542	47.680	946	1.315	24.562	79.045
Public Sector Participation Accounts	6	32	-	-	-	38
Commercial Sector Participation Accounts	3.073	47.138	963	2.110	15.132	68.416
Other Institutions Participation Accounts	1	451	1	-	-	453
Public Sector Participation Accounts	2.573	-	-	-	-	2.573
Total	10.195	95.301	1.910	3.425	39.694	150.525
Grand Total	169.091	1.141.235	38.857	60.681	99.033	1.508.897

3. Information on dividend income:

As of 31 December 2021, the Bank has no dividend income (31 December 2020: 104).

4. a. Information on trading income/loss (net)

	Current Period 31.12.2021	Prior Period 31.12.2020
Income	8.833.644	13.705.661
Foreign exchange gains	87.306	13.423.821
Gain on derivative financial instruments	92.935	84.275
Gain on capital market transactions	8.653.403	197.565
Losses (-)	8.618.831	13.622.351
Foreign exchange losses	86.280	13.441.463
Losses on derivative financial instruments	158.796	159.863
Losses on capital market transactions	8.373.755	21.025
Net	214.813	83.310

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b. Information on Profit/Loss on Derivative Financial Operations

	Current Period 31.12.2021	Prior Period 31.12.2020
Effect of the change in exchange rates on profit/loss	(65.861)	(75.588)
Total	(65.861)	(75.588)

5. Information on other operating income

Information on factors covering the recent developments which has significant effect on the Bank's income and the extent of effect on income

	Current Period 31.12.2021	Prior Period 31.12.2020
Correction Account for Previous Years Expenses ^(*)	528.904	215.301
Income from the Sale of the Asset	8.335	48.060
Provision for Communication Expenses	2.997	953
Checkbook Fees	516	392
Other	10.884	3.438
Total	551.636	268.144

^(*) 290.502 TL of the correction account for previous years expenses was paid for participation accounts reserve cancellations (31 December 2020 : 114.216 TL), 93.202 TL for securities impairment reserve cancellations (31 December 2020 : None) and 145.201 TL for loan free provision cancellations (31 December 2020: 101.085 TL).

6. Provision expenses for impairment on loans and other receivables

	Current Period 31.12.2021	Prior Period 31.12.2020
Expected Credit Loss	958.562	994.213
12 month expected credit loss (Stage 1)	192.329	124.815
Significant increase in credit risk (Stage 2)	168.067	269.250
Non-performing loans (Stage 3)	598.166	600.148
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets Fair Value Through Other Comprehensive Income	-	-
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control (Joint Ventures)	-	-
Other ^(*)	30.041	173.855
Total	988.603	1.168.068

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Information on other operating expenses

	Current Period 31.12.2021	Prior Period 31.12.2020
Reserve for Employee Termination Benefits	7.447	5.620
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	60.799	50.519
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	17.926	14.184
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	178.182	131.289
Leasing Expenses Related to TFRS 16 Exceptions	1.184	584
Maintenance Expenses	23.383	23.158
Advertisement Expenses	54.501	34.332
Other Expenses	99.114	73.215
Loss on Sales of Assets	391	945
Other ^(*)	127.422	114.375
Total	392.167	316.932

^(*) The balance which forms the other item part, TL 68.457 (31 December 2020: TL 64.370), Saving Deposit Insurance Fund ("SDIF") premium and audit and consultancy service expenses, while TL 35.626 (31 December 2020: TL 39.026) consists of taxes, fees and funds and other service expenses.

8. Fees for Services Received from Independent Auditor/Independent Audit Firm

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	Current Period 31.12.2021	Prior Period 31.12.2020
Independent audit fee for the reporting period	732	433
Fees for tax advisory services	-	-
Fee for other assurance services	39	39
Fees for services other than independent auditing	-	-
Total^(*)	771	472

^(*) Relevant amounts are presented on a consolidated basis, including the Bank's subsidiaries.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

9. Information on profit/loss from continued and discontinued operations before taxes

As of 31 December 2021, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 31.12.2021	Prior Period 31.12.2020
Net Profit Share Income	1.514.539	2.068.538
Net Fees and Commissions Income	147.334	92.541
Dividend Income	-	104
Trading Income/Expense (Net)	214.813	83.310
Other Operating Income	551.638	268.144
Expected Loss Provision (-)	958.562	994.213
Other Provision Expense (-)	30.041	173.855
Personnel Expense	317.383	235.155
Other Operating Expenses (-)	392.167	316.932
Income/(Loss) from Continuing Operations	730.171	792.482

10. Information on tax provision for continued and discontinued operations

As of 31 December 2021, the Bank's total tax provision expense amounting to TL 171.481 (31 December 2020: TL 153.920) consists of TL 373.740 (31 December 2020: TL 201.535) of current tax expense and TL 202.259 (31 December 2020: TL 47.615) of deferred tax expense.

11. Explanation on net income/loss for the period for continuing and discontinued operations

The Bank's net operating income after tax amounts to TL 558.689 (31 December 2020: TL 638.562 net profit).

12. Explanation on net profit/loss

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Bank in the current period

The Bank mainly utilizes its resources from domestic current and profit shares, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations.

b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period.

13. If other items in the income statement exceed 10% of the income statement total, sub-accounts constituting at least 20% of these items are shown below

None (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY

a) Explanations on Profit Distribution:

In accordance with the profit distribution decision taken at the Ordinary General Assembly meeting of the Bank for the year 2020 held on 31 March 2021, 5% of the balance sheet profit of TL 638.562 for 2020 will be set aside as general legal reserves of TL 31.928, and the remaining TL 606.634 after the distributions will be left within the Bank. being followed in the profits of years; in accordance with the Turkish Financial Reporting Standard regulations called "TFRS-9 Financial Instruments", which started to be implemented as of January 1, 2018, it has been decided to leave the TL 2.568, which is due to the recalculation of the provisions.

No decision has been taken regarding the distribution of profits as of the date the financial reports were prepared.

b) Explanations on Financial Assets at Fair Value through Other Comprehensive Income:

Information on financial assets at fair value through other comprehensive income is presented in the fifth section, footnote 1.4-b.

c) Profit Reserves:

As of the balance sheet date, the profit reserves were 1.739.171 TL, legal reserves were 92.316 TL, extraordinary reserves were 1.600.788 TL, and other profit reserves were 46.067 TL.

d) Explanations on Previous Period Profit/Loss:

As of 31 December 2021, the Bank has no prior period profit or loss.

VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the "Other" items and "The Effect Of The Change in Foreign Currency on Cash and Cash Equivalent" item in the Cash Flow Statement:

5.319.303 TL of the 1.476.308 TL amount related to the operating profit before the change in the assets and liabilities of the banking activity, mainly from loans and profit share income from securities and financial leases, 3.939.158 TL mostly from deposits and profit share given to loans used. consists of expenses. Other earnings mainly include net fee and commission income and commercial profit and loss income.

The effect of the change in the exchange rate on cash and cash equivalents has been determined as 207.266 TL as of 31 December 2021 (31 December 2020: 1.456.262 TL).

Cash and cash equivalents are defined as cash and cash equivalents, such as cash, effective deposits, free accounts of the Central Bank of the Republic of Turkey, money in transit, purchased bank checks, money market transactions and time deposits with an original maturity of up to 3 months.

Period opening and end cash and cash equivalents balance

	Current Period 31.12.2021	Prior Period 31.12.2020
Cash in TL and in Foreign Currency	1.559.762	279.899
Central Bank of the Republic of Turkey and Other Banks	6.499.696	4.490.864
Money Market Operations	-	-
Total Cash and Cash Equivalents	8.059.458	4.770.763

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE BANK

1) a) Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses for the period

Current Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	540	-	-	-
Balance at end of period	-	-	1.646	-	-	-
Profit share and commission income	-	-	-	-	-	-

Prior Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	3.097.903	-	-	-
Balance at end of period	-	-	540	-	-	-
Profit share and commission income	-	-	3.356	-	-	-

b) Current and participation account held by the Bank's risk group

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and participation accounts						
Balance at the beginning of period	-	-	2.715	59.324	-	-
Balance at the end of period	-	-	-	2.715	-	-
Participation Accounts						
Profit Share Expenses	-	-	300	21	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Information on loans taken from the risk group of the Bank

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and participation accounts						
Balance at the beginning of period	3.950.000	2.450.000	560.325	791.393	-	-
Balance at the end of period	4.050.000	3.950.000	484.397	560.325	-	-
Participation Accounts						
Profit Share Expenses	609.763	329.385	14.156	26.670	-	-

2) Information on forward transactions, option contracts and other similar contracts with the Bank's risk group

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss	-	-	-	-	-	-
Balance at the beginning of period	-	-	2.153.566	2.383.936	-	-
Balance at the end of period	-	-	1.708.791	2.153.566	-	-
Total Profit/Loss	-	-	863	230.370	-	-
Hedging transactions	-	-	-	-	-	-
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information on the fees paid to the top management of the bank

The total amount of benefits provided to the Parent Bank's Senior Management is TL 8.285 (31 December 2020: TL 6.104).

VIII. SIGNIFICANT EVENTS AND MATTERS ARISING SUBSEQUENT TO BALANCE SHEET DATE

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. INFORMATION ON THE BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Fitch Ratings: 14 December 2020	Note	Explanation
Foreign Currency Long Term Credit Rating	B+	It is very speculative under the investment class
Foreign Currency Short Term Credit Rating	B	It is very speculative under the investment class
Local Currency Long Term Credit Rating	BB-	It is speculative under the investment class.
Local Currency Short Term Credit Rating	B	It is very speculative under the investment class
National Long Term Credit Rating	AA(tur)	It is a high level investment grade.
Support	4	The possibility of external support is limited.

II. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements prepared as of 31 December 2021 and for the fiscal period ending on the same date have been audited by PwC Bağımsız Denetim ve SMMM A.Ş. and presented preceding the unconsolidated financial statements of independent auditors' report dated 14 February 2022.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2021 WITH AUDITOR’S REPORT**

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note. I. B of Section Three)

INDEPENDENT AUDITOR'S REPORT

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Ziraat Katılım Bankası Anonim Şirketi (the "Bank"), and its subsidiaries (collectively referred to as the "Group") which comprise the statement of consolidated balance sheet as at 31 December 2021, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

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

2. Basis for Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards)

(the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="240 382 746 410">Expected credit losses for loans and receivables</p> <p data-bbox="240 435 826 492">The Group has total expected credit losses for loans and receivables amounting to</p> <p data-bbox="240 517 842 807">TL 1.734.896 thousand in respect to total loans and receivables amounting to TL 68.134.816 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2021. Explanations and notes related to expected credit losses provisions for loans and receivables are presented Section Three VII, Section Three VIII, Section Four II, Section Four IX-3, Section Five I-6 and Section Five II-8 in the accompanying consolidated financial statements as at 31 December 2021.</p> <p data-bbox="240 831 842 1183">The Group recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements effective in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The effects of the COVID-19 outbreak increased the importance of these estimates and assumptions used by the Group's management in determining the loan loss provisions as of</p> <p data-bbox="240 1208 834 1293">31 December 2021, and the uncertainties caused by these effects were taken into account in the calculation of expected credit loss using expert opinion.</p>	<p data-bbox="874 382 1465 615">With respect to stage classification of loans and receivables and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Group including the effects of COVID-19 outbreak within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p data-bbox="874 639 1465 1105">For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Group with TFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group's management in its expected credit losses calculations including the effects of the COVID-19 pandemic, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, loss given default model, and approaches in relation to projection of macroeconomic expectations including the effects of the COVID-19 outbreak with our financial risk experts.</p> <p data-bbox="874 1130 1382 1216">We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p> <p data-bbox="874 1240 1473 1359">Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p data-bbox="874 1383 1465 1498">We have checked selected models used in determination of provisions for various loans and receivables portfolios with our financial risk experts by reperforming on a sample selection basis.</p>

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans and receivables</p> <p>The Group uses complex models derived from more than one system to calculate the expected loan loss provision. Information including past events, current conditions and macroeconomic estimates which are taken into account in expected loss provision accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loans and receivables balances; the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>For a selected sample, we checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Group's determination of staging for credit risk for loans and receivables within the framework of current regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.</p>

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

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

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM
Partner
Istanbul, 14 February 2022

CONSOLIDATED FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş. AS OF 31 DECEMBER 2021

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The consolidated financial report for the year ended prepared in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATIONS ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP INFORMATIONS ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- AUDITOR'S REPORT

Subsidiaries financial statements have been consolidated in this annual consolidated financial report are as follows;

	Subsidiaries	Investments in Associates	Joint Ventures
1	Ziraat Katılım Varlık Kiralama A.Ş.	-	-
2	ZKB Varlık Kiralama A.Ş.	-	-

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

Alpaslan ÇAKAR
Chairman of the Board

Fikrettin AKSU
Vice chairman of the BOD, Member of
the Audit Committee

Metin ÖZDEMİR
Member of the Board,
General Manager

Mahmut Esfa EMEK
Member of the Board,
Member of the Audit Committee

Osman KARAKÜTÜK
Vice President of Treasury
Management and International
Banking

Gürkan ÇAKIR
Head of Financial Management
Department

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

Name-Surname/Position : Mesut Küçük/Financial Reporting Manager

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Ziraat Katılım Bankası A.Ş.**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION ONE**GENERAL INFORMATION ABOUT THE GROUP****I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS**

Ziraat Katılım Bankası A.Ş. (“Group”) is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 November 2014 with a capital of TL 675.000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 4 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by TL 72.000 from TL 675.000 to 747.000. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 13 June 2017, the paid-in capital of the Bank has been increased by the amount of cash by TL 500.000 and by increasing the amount of internal resources by TL 3.000 to TL 1.250.000. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on September 20, 2018, the paid-in capital of the Bank has been raised to TL 1.750.000 by increasing the amount of cash by TL 500.000.

Main operation field of the Group is gathering funds by the accounts named as “Private Current Accounts” and “Participation Accounts to Profit and Loss” from domestic and abroad additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

The Group can carry out every kind of banking, economic, trade and financial operation within the limits of permissions given by the Banking Regulation and Supervision Agency within the scope of Participation Banking fundamentals.

According to decision of the Banking Regulation and Supervision Agency dated 18 January 2019 and numbered 8210 of, with the framework Ziraat Katılım Bankası A.Ş. board of directors decisions no 6/1 dated 21 February 2019, The Group (Transferee) and Ziraat Finansal Kiralama A.Ş. (Acquired) are merged in accordance with relevant articles of the Turkish Commercial Code No. 6102, the merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

All of the shares of the Group, T.C. Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Treasury”) to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

As of 31 December 2021 and 31 December 2020, main shareholders and capital amounts as follows:

Name of Shareholders	31 December 2021		31 December 2020	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. ^(*)	1.750.000	99,9999996	1.750.000	99,9999996
Türkiye Sigorta A.Ş. ^(**)	-	0,0000001	-	0,0000001
Türkiye Hayat ve Emeklilik A.Ş. ^(**)	-	0,0000001	-	0,0000001
Ziraat Teknoloji A.Ş.	-	0,0000001	-	0,0000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	0,0000001
Total	1.750.000	100,00	1.750.000	100,00

^(*) All of the shares of the of the Bank, T.C. Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury ("Treasury") to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

^(**) Ziraat Sigorta A.Ş., was transferred to Turkey Wealth Fund under the name of Türkiye Sigorta A.Ş. on 27 August 2020. Ziraat Hayat ve Emeklilik A.Ş., was transferred to Turkey Wealth Fund under the name of Türkiye Hayat ve Emeklilik A.Ş. on 24 August 2020.

III. EXPLANATIONS ON THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGERS AND ASSISTANT GENERAL MANAGERS AND THEIR SHAREHOLDINGS IN THE PARENT BANK

Name	Title
Board of Directors	
Alpaslan ÇAKAR ^(*)	Chairman
Fikrettin AKSU ^(*)	Vice chairman of the BOD, Member of the Audit Committee, Member of Corporate Management Committee
Metin ÖZDEMİR	Member of the BOD, General Manager, Member of Pricing Committee, President of Credit Committee
Mahmut Esfa EMEK	Member of the BOD, Member of Audit Committee, Member of Pricing Committee, Associate Member of Credit Committee,
Ahmet BUÇUKOĞLU ^(*)	Member of the BOD, Member of Credit Committee,
Hasan DURSUN ^(*)	Member of the BOD, Member of Corporate Management Committee, Member of Credit Committee
Assistant General Manager	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Temel Tayyar YEŞİL	Corporate Banking

^(*) He was appointed as a Board Membership as of 1 February 2022.

^(**) With the decision taken on 17 January 2022 regarding the organizational structure of the Bank, the name of the Branch Banking and Sales Management Assistant General Manager was changed to the Corporate Banking Assistant General Manager.

The Bank's Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Bank.

Ziraat Katılım Bankası A.Ş.**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Name/Trade Name	Share Amount	Shareholding Percentage	Paid Shares	Unpaid Shares
T.C. Ziraat Bankası A.Ş.	1.750.000	100,00	1.750.000	-
Total	1.750.000	100,00	1.750.000	-

V. EXPLANATIONS OF THE PARENT BANK'S SERVICES AND FIELD OF OPERATIONS

Operation field of Bank was declared in the prime contract within the scope of Banking Law and other legislation codes. The bank collects funds with the scope of Banking Principles and provide all type of cash, non-cash funds within the scope of Islamic banking principles in any case. Moreover, the Bank operates its participation banking operations to the extent permitted by the Legal Code, for the benefit of the society within the principles of the participation banking such as for the purpose of society.

The Bank sorts out participation accounts and participation accounts based on investment proxy contracts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to six months (six months included), maturity to one year (one year included) and maturity to one year or more (with dividend payment of one month, 3 months, six months and annually). Participation accounts based on investment proxies can be opened under the entire maturity group, with a maturity of less than one month.

As of 31 December 2021, the Parent Bank operates with a total of 120 branches (31 December 2020: 104 domestic, 1 abroad) including 120 branches in the country and the Sudan branch that started its operations as of 27 August 2020 abroad. As of 31 December 2021, the number of the Bank's personnel is 1.529 (31 December 2020: 1.261).

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

There is no difference between consolidated financial statements prepared in accordance with BRSA regulation on the preparation of consolidated financial statements and consolidated financial statements prepared in accordance with Turkish Accounting Standards for the Bank. The Bank's subsidiary Ziraat Katılım Varlık Kiralama A.Ş. which is established on 22 January 2016 and ZKB Varlık Kiralama A.Ş. which is established in 8 September 2017 are consolidated within the scope of full consolidation.

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

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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CONSOLIDATED FINANCIAL STATEMENTS

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- 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 profit distribution

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	AKTİF VASSETS	Notes (V-I)	Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		7.906.952	21.137.037	29.043.989	5.195.516	11.233.289	16.428.805
1.1	Cash And Cash Equivalents		3.074.376	15.564.971	18.639.347	419.033	9.854.915	10.273.948
1.1.1	Cash And Balances With Central Bank	(1)	3.066.213	12.224.478	15.290.691	409.579	5.067.541	5.477.120
1.1.2	Banks	(2)	9.647	3.340.493	3.350.140	12.394	4.787.374	4.799.768
1.1.3	Money Markets Placements		-	-	-	-	-	-
1.1.4	Provision for Expected Losses (-)		1.484	-	1.484	2.940	-	2.940
1.2	Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	1.795.316	1.795.316	980.872	-	980.872
1.2.1	Government Securities		-	1.795.316	1.795.316	980.872	-	980.872
1.2.2	Equity Securities		-	-	-	-	-	-
1.2.3	Other Financial Assets		-	-	-	-	-	-
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	4.819.812	3.769.758	8.589.570	3.767.367	1.378.365	5.145.732
1.3.1	Government Securities		4.151.159	3.769.758	7.920.917	3.276.744	1.378.365	4.655.109
1.3.2	Equity Securities		10.412	-	10.412	10.412	-	10.412
1.3.3	Other Financial Assets		658.241	-	658.241	480.211	-	480.211
1.4	Derivative Financial Assets	(5)	12.764	6.992	19.756	28.244	9	28.253
1.4.1	Derivative Financial Assets Measured at Fair Value Through Profit and Loss		12.764	6.992	19.756	28.244	9	28.253
1.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		36.662.193	31.065.684	67.727.877	29.455.349	13.530.498	42.985.847
2.1	Loans	(6)	33.940.247	24.648.305	58.588.552	27.553.401	10.670.016	38.223.417
2.2	Lease Receivables	(6)	4.090.120	5.456.144	9.546.264	2.851.377	2.284.842	5.136.219
2.3	Measured at Amortized Cost	(7)	-	1.327.957	1.327.957	-	779.437	779.437
2.3.1	Government Securities		-	1.327.957	1.327.957	-	779.437	779.437
2.3.2	Other Financial Assets		-	-	-	-	-	-
2.4	Expected Credit Losses (-)		1.368.174	366.722	1.734.896	949.429	203.797	1.153.226
III.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	307.881	-	307.881	75.240	-	75.240
3.1	Assets Held for Sale		307.881	-	307.881	75.240	-	75.240
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	-	-	-	-	-	-
4.1	Associates (Net)		-	-	-	-	-	-
4.1.1	Associates Consolidated Under Equity Method Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	Subsidiaries (Net)		-	-	-	-	-	-
4.2.1	Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3	Joint Ventures (Net)		-	-	-	-	-	-
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint-Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (NET)	(10)	301.045	874	301.919	177.601	363	177.964
VI.	INTANGIBLE ASSETS (Net)	(11)	223.839	-	223.839	161.257	-	161.257
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		223.839	-	223.839	161.257	-	161.257
VII.	INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		-	-	-	-	-	-
IX.	DEFERRED TAX ASSETS	(13)	301.329	-	301.329	108.597	-	108.597
X.	OTHER ASSETS	(14)	550.677	58.127	608.804	213.728	35.458	249.186
	TOTAL ASSETS		46.253.916	52.261.722	98.515.638	35.387.288	24.799.608	60.186.896

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

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	LIABILITIES	Notes (V-II)	Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(1)	29.714.656	48.219.141	77.933.797	24.902.462	21.483.588	46.386.050
II.	FUNDS BORROWED	(2)	319.918	1.688.051	2.007.969	380.086	1.046.528	1.426.614
III.	MONEY MARKETS DEBTS	(3)	3.784.645	-	3.784.645	2.101.073	-	2.101.073
IV.	SECURITIES ISSUED (Net)	(4)	4.360.022	-	4.360.022	4.017.250	-	4.017.250
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES	(6)	70.653	1.039	71.692	-	19.440	19.440
6.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		70.653	1.039	71.692	-	19.440	19.440
6.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII.	LEASE PAYABLES	(7)	194.453	10	194.463	111.946	15.688	127.634
VIII.	PROVISIONS	(8)	229.371	417.899	647.270	211.628	197.616	409.244
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserve for Employee Benefits		37.259	-	37.259	56.070	-	56.070
8.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4	Other Provisions		192.112	417.899	610.011	155.558	197.616	353.174
IX.	CURRENT TAX LIABILITY	(9)	350.441	-	350.441	96.490	142	96.632
X	DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XI.	LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
11.1	Held for Sale Purpose		-	-	-	-	-	-
11.2	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(12)	1.341.500	1.314.363	2.655.863	312.489	768.037	1.080.526
12.1	Loans		1.341.500	1.314.363	2.655.863	312.489	768.037	1.080.526
12.2	Other Debt Instruments		-	-	-	-	-	-
XIII.	OTHER LIABILITIES	(13)	920.890	1.266.851	2.187.741	571.531	216.629	788.160
XIV.	SHAREHOLDERS' EQUITY	(14)	4.345.743	(24.008)	4.321.735	3.734.357	(84)	3.734.273
14.1	Paid-in capital		1.750.000	-	1.750.000	1.750.000	-	1.750.000
14.2	Capital Reserves		261.513	-	261.513	261.513	-	261.513
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserve		261.513	-	261.513	261.513	-	261.513
14.3	Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(6.895)	-	(6.895)	(7.068)	-	(7.068)
14.4	Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		43.265	(24.008)	19.257	(9.259)	(84)	(9.343)
14.5	Profit Reserves		1.739.171	-	1.739.171	1.098.041	-	1.098.041
14.5.1	Legal Reserves		92.316	-	92.316	60.388	-	60.388
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		1.600.788	-	1.600.788	991.586	-	991.586
14.5.4	Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6	Profit or (Loss)		558.689	-	558.689	641.130	-	641.130
14.6.1	Prior Period Profit/Loss		-	-	-	2.568	-	2.568
14.6.2	Current Period Profit/Loss		558.689	-	558.689	638.562	-	638.562
	TOTAL LIABILITIES		45.632.292	52.883.346	98.515.638	36.439.312	23.747.584	60.186.896

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

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Note (V-III)	Thousands of Turkish lira					
			Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)			10.306.712	24.268.204	34.574.916	9.924.766	13.934.400	23.859.166
I.	GUARANTEES AND WARRANTIES	(1)	8.271.172	21.332.293	29.603.465	6.839.282	9.076.488	15.915.770
1.1	Letters of Guarantee		8.236.824	13.823.025	22.059.849	6.691.971	5.882.397	12.574.368
1.1.1	Guarantees Subject to State Tender Law		361.062	6.175.690	6.536.752	190.927	1.696.645	1.887.572
1.1.2	Guarantees Given for Foreign Trade Operations		7.229.114	-	7.229.114	6.156.513	-	6.156.513
1.1.3	Other Letters of Guarantee		646.648	7.647.335	8.293.983	344.531	4.185.752	4.530.283
1.2	Bank Acceptances		-	33.018	33.018	-	7.687	7.687
1.2.1	Import Letter of Acceptance		-	33.018	33.018	-	7.687	7.687
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		20.348	5.053.199	5.073.547	40.077	1.340.566	1.380.643
1.3.1	Documentary Letters of Credit		20.348	5.053.199	5.073.547	40.077	1.340.566	1.380.643
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	Other Guarantees		14.000	2.419.706	2.433.706	98.155	1.841.367	1.939.522
1.7	Other Collaterals		-	3.345	3.345	9.079	4.471	13.550
II.	COMMITMENTS	(1)	1.386.946	313.520	1.700.466	564.143	97.454	661.597
2.1	Irrevocable Commitments		1.386.946	313.520	1.700.466	564.143	97.454	661.597
2.1.1	Forward asset purchase commitments		240.344	313.520	553.864	57.678	97.454	155.132
2.1.2	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3	Loan Granting Commitments		-	-	-	-	-	-
2.1.4	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.5	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6	Payment commitment for checks		448.457	-	448.457	268.625	-	268.625
2.1.7	Tax and Fund Liabilities from Export Commitments		22.637	-	22.637	16.428	-	16.428
2.1.8	Commitments for Credit Card Limits		141.095	-	141.095	48.071	-	48.071
2.1.9	Commitments for Credit Cards and Banking Services Promotions		265	-	265	1	-	1
2.1.10	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Other Irrevocable Commitments		534.148	-	534.148	173.340	-	173.340
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		648.594	2.622.391	3.270.985	2.521.341	4.760.458	7.281.799

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

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Note (V-III)	Thousands of Turkish lira					
			Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Fair value hedge		-	-	-	-	-	-
3.1.2	Cash flow hedge		-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		648.594	2.622.391	3.270.985	2.521.341	4.760.458	7.281.799
3.2.1	Forward Foreign Currency Buy/Sell Transactions		648.594	853.108	1.501.702	15.631	2.168.006	2.183.637
3.2.1.1	Forward Foreign Currency Transactions-Buy		39.918	673.050	712.968	14.299	1.068.995	1.083.294
3.2.1.2	Forward Foreign Currency Transactions-Sell		608.676	180.058	788.734	1.332	1.099.011	1.100.343
3.2.2	Other Forward Buy/Sell Transaction		-	1.769.283	1.769.283	2.505.710	2.592.452	5.098.162
3.3	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		70.066.806	20.237.127	90.303.933	49.071.158	9.620.414	58.691.572
IV.	ITEMS HELD IN CUSTODY		5.132.707	6.230.163	11.362.870	4.288.838	3.663.765	7.952.603
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3.396.918	259.899	3.656.817	3.456.809	-	3.456.809
4.3	Checks Received for Collection		1.527.859	411.526	1.939.385	763.292	105.777	869.069
4.4	Commercial Notes Received for Collection		207.655	51.962	259.617	66.130	47.052	113.182
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		275	1.433.786	1.434.061	2.607	611.077	613.684
4.8	Custodians		-	4.072.990	4.072.990	-	2.899.859	2.899.859
V.	PLEDGES RECEIVED		64.934.099	14.006.964	78.941.063	44.782.320	5.956.649	50.738.969
5.1	Marketable Securities		2.974.670	64.324	3.038.994	4.625.008	81.855	4.706.863
5.2	Guarantee Notes		3.295.056	462.109	3.757.165	1.730.425	202.551	1.932.976
5.3	Commodity		2.903.233	2.154.017	5.057.250	2.190.421	803.351	2.993.772
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		44.854.726	8.584.587	53.439.313	30.944.489	3.734.417	34.678.906
5.6	Other Pledged Items		10.906.414	2.741.927	13.648.341	5.291.977	1.134.475	6.426.452
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		80.373.518	44.505.331	124.878.849	58.995.924	23.554.814	82.550.738

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

Ziraat Katılım Bankası A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	INCOME/EXPENSE ITEMS	Notes (V-IV)	Current Period 01/01-31/12/2021	Prior Period 01/01-31/12/2020
I.	PROFIT SHARE INCOME	(1)	6.259.916	4.191.345
1.1	Profit Share on Loans		4.717.524	3.138.707
1.2	Profit Share on Reserve Deposits		160.424	24.005
1.3	Profit Share on Banks		3.070	23.995
1.4	Profit Share on Money Market Placements		-	-
1.5	Profit Share on Marketable Securities Portfolio		801.333	608.569
1.5.1	Financial Assets Measured at Fair Value Through Profit/Loss		21.628	7.457
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		685.240	560.652
1.5.3	Financial Assets Measured at Amortised Cost		94.465	40.460
1.6	Financial Lease Income		553.946	379.390
1.7	Other Profit Share Income		23.619	16.679
II.	PROFIT SHARE EXPENSE	(2)	4.745.377	2.122.807
2.1	Profit Share Expense on Participation Accounts		3.234.156	1.508.897
2.2	Profit Share Expense on Funds Borrowed		296.481	199.072
2.3	Profit Share Expense on Money Market Borrowings		570.506	63.603
2.4	Expense on Securities Issued		609.763	327.137
2.5	Lease Profit Share Expense		30.475	23.849
2.6	Other Profit Share Expenses		3.996	249
III.	NET PROFIT SHARE INCOME/EXPENSE (I - II)		1.514.539	2.068.538
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		147.334	92.541
4.1	Fees and Commissions Received		232.252	204.648
4.1.1	Non-cash Loans		156.942	111.337
4.1.2	Other		75.310	93.311
4.2	Fees and commissions paid (-)		84.918	112.107
4.2.1	Non-cash Loans		-	-
4.2.2	Other		84.918	112.107
V.	DIVIDEND INCOME	(3)	-	104
VI.	NET TRADING INCOME (Net)	(4)	214.813	83.310
6.1	Capital Market Transaction Gains/Losses		1.026	176.540
6.2	Gains/Losses From Derivative Financial Instruments		(65.861)	(75.588)
6.3	Foreign Exchange Gains/Losses		279.648	(17.642)
VII.	OTHER OPERATING INCOME	(5)	551.638	268.144
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2.428.324	2.512.637
IX.	EXPECTED CREDIT LOSSES (-)	(6)	958.562	994.213
X.	OTHER PROVISIONS (-)	(6)	30.041	173.855
XI.	PERSONNEL EXPENSES (-)		317.383	235.155
XII.	OTHER OPERATING EXPENSES (-)	(7)	392.167	316.932
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		730.171	792.482
XIV.	INCOME RESULTED FROM MERGERS		-	-
XV.	INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XVI)	(9)	730.171	792.482
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	(171.482)	(153.920)
18.1	Current Tax Provision		(373.740)	(201.535)
18.2	Expense Effect of Deferred Tax (+)		(78.530)	(35.731)
18.3	Income Effect of Deferred Tax (-)		280.788	83.346
XIX.	NETOPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(11)	558.689	638.562
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses from Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Charge		-	-
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 (XVIII+XXII)	(12)	558.689	638.562
	Earnings per share income/loss (Full TL)		0,3193	0,3649

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period	Prior Period
		01/01-31/12/2021	01/01-31/12/2020
I.	CURRENT PERIOD PROFIT/LOSS	558.689	638.562
II.	OTHER COMPREHENSIVE INCOME	28.773	(71.117)
2.1	Other Income/Expense Items not to be Reclassified to Profit or Loss	173	(4.703)
2.1.1	Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	211	(5.738)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(38)	1.035
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	28.600	(66.414)
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	38.088	(85.243)
2.2.3	Gains/losses from Cash Flow Hedges	-	-
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(9.488)	18.829
III.	TOTAL COMPREHENSIVE INCOME (I+II)	587.462	567.445

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

Ziraat Katılım Bankası A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss		
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY								
PRIOR PERIOD								
31 DECEMBER 2020								
I.	Prior Period End Balance	1.750.000	-	-	261.513	-	(2.365)	-
II.	Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-
2.1.	Effects of Corrections	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(2.365)	-
IV.	Total Comprehensive Income	-	-	-	-	-	(4.703)	-
V.	Capital Increase by Cash	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-
VII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes ⁽¹⁾	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-
11.1.	Dividends Paid	-	-	-	-	-	-	-
11.2.	Transfers to Reserves	-	-	-	-	-	-	-
11.3.	Other	-	-	-	-	-	-	-
	Period End Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(7.068)	-
CURRENT PERIOD								
31 DECEMBER 2021								
I.	Prior Period End Balance	1.750.000	-	-	261.513	-	(7.068)	-
II.	Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-
2.1.	Effect of Correction of Errors	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(7.068)	-
IV.	Total Comprehensive Income	-	-	-	-	-	173	-
V.	Capital Increase by Cash	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-
VII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-
X.	Increase/decrease by other Changes	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-
11.1.	Dividends Paid	-	-	-	-	-	-	-
11.2.	Transfers to Reserves	-	-	-	-	-	-	-
11.3.	Other	-	-	-	-	-	-	-
	Period end Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(6.895)	-

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve

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

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

4. Exchange Differences on Translation

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

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

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

Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Equity Excluding Minority Shares	Minority Shares	Total Shareholders' Equity
-	57.071	-	555.646	544.963	-	3.166.828	-	3.166.828
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	57.071	-	555.646	544.963	-	3.166.828	-	3.166.828
-	(66.414)	-	-	-	638.562	567.445	-	567.445
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	542.395	(542.395)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	542.395	(542.395)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(9.343)	-	1.098.041	2.568	638.562	3.734.273	-	3.734.273
-	(9.343)	-	1.098.041	641.130	-	3.734.273	-	3.734.273
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(9.343)	-	1.098.041	641.130	-	3.734.273	-	3.734.273
-	28.600	-	-	-	558.689	587.462	-	587.462
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	641.130	(641.130)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	638.562	(638.562)	-	-	-	-
-	-	-	2.568	(2.568)	-	-	-	-
-	19.257	-	1.739.171	-	558.689	4.321.735	-	4.321.735

Ziraat Katılım Bankası A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS

AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period 01/01/2021 - 31/12/2021	Prior Period 01/01/2020-31/12/2020
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	1.476.308	229.435
1.1.1	Profit Share Income Received	5.319.303	4.093.676
1.1.2	Profit Share Expense Paid	(3.939.158)	(2.010.679)
1.1.3	Dividend Received	-	104
1.1.4	Fees and Commissions Received	284.498	204.648
1.1.5	Other Income	295.913	351.453
1.1.6	Collections from Previously Written-off Loans	370.638	319.521
1.1.7	Payments to Personnel and Service Suppliers	(317.383)	(235.155)
1.1.8	Taxes Paid	(155.112)	(39.475)
1.1.9	Others	(382.391)	(2.454.658)
1.2	Changes in Operating Assets and Liabilities	4.121.148	2.171.575
1.2.1	Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss	(978.818)	(1.151.690)
1.2.2	Net (Increase)/Decrease in Due From Banks And Other Financial Institutions	(5.165.109)	(4.076.803)
1.2.3	Net (Increase)/Decrease in Loans	(20.025.767)	(12.314.753)
1.2.4	Net (Increase)/Decrease in Other Assets	(4.769.950)	(1.834.009)
1.2.5	Net Increase/(Decrease) in Bank Funds	1.278.436	6.633.581
1.2.6	Net Increase/(Decrease) in Other Funds	30.198.802	14.295.324
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	6.961
1.2.8	Net Increase/(Decrease) in Funds Borrowed	575.835	(2.118.238)
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	3.007.719	2.731.202
I.	Net Cash Provided from Banking Operations	5.597.456	2.401.010
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	(3.174.968)	(2.858.438)
2.1	Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	-	-
2.2	Cash Obtained from Disposal of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	-	-
2.3	Purchases of Property and Equipment	(183.248)	(111.502)
2.4	Disposals of Property and Equipment	8.310	-
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(6.580.875)	(2.501.065)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	3.580.845	-
2.7	Purchase of Financial Assets Measured at Amortized Cost	-	(231.687)
2.8	Sale of Financial Assets Measured at Amortized Cost	-	-
2.9	Other	-	(14.184)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	743.547	2.368.503
3.1	Cash Obtained from Funds Borrowed And Securities Issued	12.945.146	14.215.087
3.2	Cash Used For Repayment of Funds Borrowed And Securities Issued	(12.144.495)	(11.724.855)
3.3	Issued Equity Instruments	-	42.943
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(57.104)	(164.672)
3.6	Other	-	-
IV.	Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents	207.266	1.456.262
V.	Net Increase/(Decrease) In Cash And Cash Equivalents (I+II+III+IV)	3.373.301	3.367.337
VI.	Cash And Cash Equivalents At The Beginning Of The Period	4.686.157	1.403.426
VII.	Cash And Cash Equivalents At The End Of The Period	8.059.458	4.770.763

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

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period ^(*) (31/12/2021)	Prior Period ^(*) (31/12/2020)
I.	DISTRIBUTION OF PERIOD PROFIT		
1.1	Period Profit	730.171	792.482
1.2	Taxes Payable and Legal Obligations (-)	171.482	153.919
1.2.1	Corporate Tax (Income Tax) ^(**)	373.740	153.919
1.2.2	Income Tax Deduction	-	-
1.2.3	Other Taxes and Legal Obligations	(202.258)	-
A.	NET PROFIT (1.1-1.2)	558.689	638.562
1.3	Previous Periods Loss (-)	-	-
1.4	First Order Legal Reserve (-)	-	31.928
1.5	Legal Funds Required to Leave and Save at the Bank (-)	-	-
B.	DISTRIBUTABLE NET PROFIT [(A- (1.3 + 1.4 + 1.5))]	558.689	606.634
1.6	First Dividend To Shareholders (-)	-	-
1.6.1	To Shareholders	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	Participation in Redeemed Certificates	-	-
1.6.4	To Profit Participation Bonds	-	-
1.6.5	To Profit and Loss Sharing Certificate Holders	-	-
1.7	Dividend to Personnel (-)	-	-
1.8	Dividend to Board of Directors (-)	-	-
1.9	Second Dividend to Shareholders (-)	-	-
1.9.1	To Shareholders	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	Participation in Dividends	-	-
1.9.4	Profit Participation Bonds	-	-
1.9.5	Profit and Loss Sharing Certificate Holders	-	-
1.10	Second Legal Reserve Fund (-)	-	-
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves ^(***)	-	609.202
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	Reserves Distributed	-	-
2.2	Second Order Legal Reserves (-)	-	-
2.3	Share to Shareholders (-)	-	-
2.3.1	Shareholders	-	-
2.3.2	To Privileged Stock Owners	-	-
2.3.3	Participation in Redeemable Certificates	-	-
2.3.4	To Profit Participation Bonds	-	-
2.3.5	To Profit and Loss Sharing Certificate Holders	-	-
2.4	Share to Personnel (-)	-	-
2.5	Share to the Board of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	Shareholders ^(***)	-	0,3649
3.2	Shareholders (%)	-	36,4893
3.3	To Owners of Privileged Shares	-	-
3.4	To Owners of Privileged Shares (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	Shareholders	-	-
4.2	Shareholders (%)	-	-
4.3	To Owners of Privileged Shares	-	-
4.4	To Owners of Privileged Shares (%)	-	-

^(*) Profit distribution is decided by the General Assembly of the Parent Bank. As of the preparation date of the consolidated financial statements, the General Assembly meeting for 2021 has not been held yet.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards ("TAS") and "Regulation on Accounting Applications for Banks and Safeguarding of Documents"

The consolidated financial statements of the Ziraat Katılım Bankası A.Ş. ("Bank" and "Parent Bank") and its subsidiaries subject to consolidation are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" ("Regulation") related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards 34 ("TAS 34") and Turkish Financial Reporting Standards ("TFRS") and (referred as "Turkish Accounting and Financial Reporting Regulations" or "Reporting Standards") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA").

The format and content of the publicly announced consolidated financial statements and their explanations and footnotes, with the "Communiqué on the Financial Statements to Be Announced to Public by Banks" and the Announcements and Disclosures Related to These Communiqués published in the Official Gazette No. 28337 dated 28 June 2012. It has been prepared in accordance with. The Bank maintains its accounting records in Turkish currency in accordance with the Banking Law, Turkish Commercial Code and Turkish tax legislation.

Unless otherwise stated on the basis of historical cost, all balances are presented in thousands of Turkish lira ("TL"), except for the financial assets and liabilities shown at their fair values, on the basis of historical cost.

Preparation of consolidated financial statements requires making estimates and assumptions that affect the amounts of assets and liabilities reported or the contingent assets and liabilities disclosed as of the balance sheet date and the amounts of income and expenses reported in the relevant period. While these estimates are based on management's best judgment and knowledge, actual results may differ from these estimates. The assumptions and estimates used are explained in the related footnotes.

In the first half of 2020, various social and economic measures have been taken in order to reduce this negative situation in our country, as in other countries where the COVID-19 epidemic, which has spread globally, has been effective, and measures continue to be implemented with partial changes. The effects of the COVID-19 outbreak on the Parent Bank's unconsolidated financial statements are regularly monitored by the risk monitoring units and the Bank's Management. In this context, the expected credit loss provisions recognized in the unconsolidated financial statements, the assumptions and judgments used in the estimation of these losses, and the fair value measurements within the scope of TFRS 13 Fair Value Measurement have been reviewed.

While the Group was preparing its financial statements as of 31 December 2021, the possible effects of the COVID-19 outbreak were reflected in the estimates and judgments used in the preparation of the financial statements. The Parent Bank revised its macroeconomic expectations quarterly and reflected the calculations made by taking into account the default probabilities values and the change in loss in case of default in the light of these data, in the consolidated financial statements prepared as of 31 December 2021. Estimates and assumptions used in the calculation of expected credit losses are explained in Note VIII of Section Three.

With the regulations published regarding the implementation of the Indicator Interest Rate Reform, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, -Stage 2 was released in December 2020. The consolidated financial statements of the Group include loans borrowed indexed to benchmark interest rates, and the related reform is not expected to have a significant impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards. Accordingly, it has been stated that companies applying TFRS are not required to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

The Parent Bank's main field of activity; It covers banking services such as opening loans in all kinds of cash and non-cash Turkish Lira and foreign currency, conducting transactions in domestic and international money and capital markets, collecting Turkish Lira and foreign currency current/participation accounts. As of the reporting date, most of the Bank's resources consist of funds collected, loans received and equity. The Bank uses this resource mainly as loans and lease certificates. The liquidity structure of the Bank is taken into account in such a way that all liabilities that are due to be met can be met.

Foreign currency transactions are reflected in the records based on the Bank's foreign exchange buying rates at the date of the transaction. At the end of the period, the balances of foreign currency assets and liabilities have been converted into Turkish currency by being evaluated at the end of the period with the Bank's foreign exchange buying rates, and the exchange rate differences are reflected in the records as "foreign exchange transactions profit/loss".

The differences arising from the conversion of securities representing borrowing and monetary financial assets into Turkish Lira are included in the income statement. The Bank does not have any foreign currency differences.

In order to keep liquidity, exchange rate and credit risks within certain limits and to maximize profitability, the Parent Bank's Balance Sheet and Equity management is taken within the risk limits by the Asset and Liability Committee determined by the Board of Directors in order to maximize profitability.

III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES

Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated 8 November 2006 and the "Consolidated Financial Statements" ("TFRS 10").

1. Consolidation principles for subsidiaries:

Subsidiaries (including special purpose entity) are all entities, in which the Parent Bank has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle.

Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from the date control on their activities are transferred to the Group. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

According to the full consolidation method, 100% of the balance sheet, profit or loss statement and off-balance sheet items of the subsidiaries are consolidated with the balance sheet, profit or loss statement and off-balance sheet items of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. There are no minority rights in the consolidated net income of the subsidiary.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

31 December 2021				
Title	Address (City/Country)	Main Activities	Group's Share Percentage (%)	Direct and Indirect Partnership Rates (%)
Ziraat Katılım Varlık Kiralama A.Ş.	Istanbul/Türkiye	Issuance of Lease Certificate	100	100
ZKB Varlık Kiralama A.Ş.	Istanbul/Türkiye	Issuance of Lease Certificate	100	100

Ziraat Katılım Varlık Kiralama A.Ş. was established and registered to the trade registry in 22 January 2016 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Ziraat Katılım Varlık Kiralama A.Ş. has been founded to operate lease certificate according to rulings of Capital Markets Board of Turkey which was dated 7 June 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. ZKB Varlık Kiralama Anonim Şirketi was established on 19 July 2017 with TL 50 capital amount paid by the Main Shareholder Bank. It began to operate after the registration on 8 September 2017.

2. Consolidation principles of associates and joint ventures:

As of 31 December 2020, the Group has no subsidiaries and jointly controlled entities.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The Parent Bank's derivative financial instruments consist of forward foreign currency buy/sell agreements.

Derivative financial instruments are initially recorded at their fair values. In the periods following the recording of derivative transactions; Depending on whether the fair value is positive or negative, the fair value difference of derivative financial assets is reflected to profit or loss or the fair value difference of derivative financial liabilities is reflected in the balance sheet. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and foreign exchange gain/loss in the commercial profit/loss item in the profit or loss statement.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their agreement amounts.

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

Profit share incomes are recognized in accordance with internal rate of return method. The bank started to calculate rediscounts for non-performing loans as of 1 January 2018. And the Bank calculates expense accrual in accordance with the unit value calculation method on participation accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

Commission income from banking, agency, intermediary services is recognized as income on the date collected. Commission income from cash loans are transferred to income accounts in accordance with TFRS 15 Revenue from Customer Contracts standard by using internal rate of return method depending on the periodicity principle. Other fee and commission expenses are recorded in the expense account as soon as they are paid.

Commissions and fees received from cash loans and relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet. Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Recognition and Derecognition. 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. They are included in the balance sheet of Bank, if the Bank is a legal party to these instruments.

The Parent Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Financial instruments comprise financial assets and liabilities and derivative instruments. This classification is based on the contractual cash flow characteristics of the financial assets and related business model used for management of the financial assets at initial recognition. Financial assets basically constitute the commercial activities and operations of the Bank. These instruments have the feature of revealing, influencing and reducing the liquidity and credit risk in the financial statements.

Classification and Measurement Within the Scope of TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;"Business Model Assessment" and "Contractual Cash Properties Test" are performed to determine the classification of financial assets.

a. Financial assets at fair value through profit or loss

Fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to "hold to collect" and "hold & sell" the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement. Among the financial assets whose fair value difference is reflected in profit or loss, lease certificates traded in BIST are valued at the weighted average clearing prices formed in BIST at the balance sheet date, and financial assets not traded in BIST are valued with the prices of the Central Bank of Turkey. Gains and losses resulting from the valuation are included in the profit/loss accounts.

b. Financial assets at fair value through other comprehensive income

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

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with internal rate of return method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity investments

At the time of initial recording, the Bank recognizes that the fair value of an investment in an equity instrument within the scope of TFRS 9 is not held for commercial purposes or is a contingent consideration recognized in the financial statements of the acquirer in a business combination to which TFRS 3, "Business Combinations" applies. An irrevocable choice may be made to include the changes in the other comprehensive income statement. The Bank makes the said choice separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement cannot be transferred to profit or loss in the following periods, but are transferred to previous years' profit/loss. Dividends from such investments, on the other hand, are recognized as profit or loss, unless they clearly represent a recovery of part of the cost of the investment. Equity instruments at fair value through other comprehensive income are not subject to impairment calculation.

c. Financial assets measured at amortized cost:

The financial asset is considered a financial asset measured at amortized cost if the financial asset is held within the scope of a business model that aims to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that only include the principal and dividend payments arising from the principal balance on certain dates are classified.

Financial assets measured at amortized cost are initially recorded by adding transaction costs to their acquisition costs, which reflect their fair values, and are then measured at "amortized cost" using the internal rate of return. Profit share income related to financial assets measured at amortized cost is reflected in the profit or loss statement.

The Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include consumer price ("CPI") indexed lease certificates. The valuation of the mentioned assets during the year is made according to the internal yield method, based on the index created by taking into account the real profit share rates, the treasury reference index and the estimated inflation rate. The actual dividend payment amounts of these securities, and the index values announced by the treasury are used in the purchase and sale transactions and year-end valuations.

The Bank also updates the estimated inflation rate used throughout the year in case of necessity. At the end of the year, the actual inflation rate is used.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Loans

Loans are financial assets that are originated by the Bank by providing goods and services to the borrower. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Internal Rate of Return Method".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Group. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date. Group's loans are recognized under "Measured at Amortized Cost" account.

As of 31 December 2021, all loans of the Group, including profit-loss sharing (musharakah) and labor-capital partnership (mudaraba) investments, are followed in the "Measured by Amortized Cost" account. Profit-loss sharing and labor-capital partnership investments followed by the Parent Bank in the loans account according to the BRSA Uniform Chart of Accounts, those to be valued for the first time as of 31 December 2020, with the letter of the BRSA numbered E-43890421-010.07.01-1294, or In accordance with the provisions of the "Interest-Free Finance Accounting Standard 3: Mudaraba Financing" or "Interest-Free Finance Accounting Standard 4: Musharakah Financing" standards for partnership financing funds in the form of "labor-capital partnership" or "profit-loss sharing" that are newly made available after 1 January 2021 was accounted for.

Explanations on expected loss provisions

The Parent Bank sets aside the expected loss provision for its loans and receivables by taking into consideration the "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside" (Regulation on Provisions) published in the Official Gazette dated 22 June 2016 and numbered 29750. As of January 1, 2018, provision for impairment has been allocated in accordance with the provisions of TFRS 9. In this context, the Group takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables, contract assets, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

While expected credit loss is an estimate of expected losses from a loan over the life of a financial instrument, the following considerations are important for measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Provision for 12 month expected credit loss (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at their initial recognition or after the initial recognition to financial statements. Impairment for credit risk for these assets is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan.

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

Significant increase in credit risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and its transfer to the 2nd stage; being watch list, the number of days of delay being 30 days or more (Based on the BRSA's Decision dated September 16, 2021 and numbered 9795, those with a delay between 30 and 90 days as of October 1, 2021 continue to be classified as the 1st stage) and the internal early warning system rating of the Bank.

Default (Stage 3)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recorded.

The Bank assesses that debt is in default in the following two cases:

- Objective Default Definition: Means the debt is overdue for more than 90 days. With the debt being overdue by 90 days, the default starts on the 91st day (according to the BRSA's Decision dated September 16, 2021 and numbered 9795, those with a delay between 90 and 180 days as of October 1, 2021 continue to be classified as the 2nd stage).
- Subjective Default Definition: It means that the bank is convinced the debt will not be paid. In the event that the debtor cannot fulfill the debts related to the loan, the debtor is considered to be in default regardless of the number of delay days.

The collective valuation of financial instruments is based on homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section presents an overview of the risk parameter estimation methods for the damage assessment approach that is expected on a common basis for each stage.

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. An expected credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original effective dividend and discounted cash flows.

When cash flows are estimated, the following situations are considered:

- During the expected life of the financial instrument, all contractual terms of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time.

In Default Probability models, sectoral information for the corporate portfolio are taken as the basis.

Default Amount

The default amount represents the expected gross receivable if a loan is defaulted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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Loss Given Default

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. When including macroeconomic information, models and estimations that reflect the relationships between model risk parameters and macroeconomic variables are taken into account. While creating the relevant models, the effects of many macroeconomic variables (Credit Default Swap (CDS), CPI, Unemployment rate, GDP, Industry Tracking Rates, Deposit Interest Turkey, etc.) are analyzed, among which variables that best reflect the default probabilities of our Bank's customers are used.

The Group uses 3 scenarios for forward-looking expectations: base, bad and good. All 3 scenarios have predetermined weights. The Group applies macroeconomic variables to its models by updating them every 3 months in March, June, September and December, which is used in the evaluation of the significant increase in credit risk and in the calculation of expected credit loss. As of 31 December 2021, macroeconomic variables, which are taken as a basis in the calculation of expected credit losses and including the effect of COVID-19 are reflected in the models.

The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

Write-off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no credit has been written-off by the Bank as of the reporting date.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds. As of 31 December 2021, there are no securities lending transactions (31 December 2020: None). Securities sold under agreements for repurchase agreements ("Repos") are classified as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" and "Financial Asset Measured at Amortized Cost" in the portfolio of the bank, according to the purposes of the Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment ("Reverse Repo") are accounted in "Money Markets Receivables" on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

The assets acquired by the Parent Bank due to its receivables are accounted for in accordance with "TFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations" in financial statement of the Parent Bank.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. If the delay has occurred due to events or conditions beyond the control of the Bank and there is sufficient evidence that the Bank's plan to sell the related asset (or the group of assets to be disposed of) is still in progress, the said assets continue to be classified as held for sale. The properties acquired by the Parent Bank due to receivables are shown in the line of held for sale in the financial statements depending on the termination of the term sales contract. A discontinued operation is a division of a business that is classified as disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Parent Bank does not have any discontinued operations.

As of 31 December 2021, non-current assets of the Parent Bank held for sale are TL 307.881 (31 December 2020: TL 75.240).

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XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Bank.

Other 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 depreciation and the provision for value decreases.

Other intangible assets are amortized using the straight line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period.

The Parent Bank recognizes its software costs incurred under the intangible assets - intangible rights account and the qualifying expenses are added to software's initial costs and amortized over 3-15 years considering the useful life.

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Property and equipment 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.

Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives.

Applied depreciation rates are as follows;

Vehicles and Fixtures:	2% - 25%
Operational Lease Improvement Costs (Leasehold Improvements):	Leasing Period - 5 years

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment 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.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period.

There are no pledges, mortgages and other measures on tangible fixed assets, or commitments made for their purchase, or there is no restriction on the exercise of the right of disposition on them.

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XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operational Leasing Transactions

Transactions as a lessee

At the beginning of a contract, the Bank evaluates whether the contract has a lease or does not include a lease. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use;

The Bank applies the "TFRS 16 - Leases" standard in the accounting of leasing transactions.

In accordance with the "TFRS 16 - Leases" standard, the Group calculates the "right of use" amount based on the present value of the lease payments of the fixed asset subject to lease at the beginning of the lease and includes it in "tangible fixed assets".

The right of use asset is recognized first by cost method and includes below:

- 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 applying the cost method, the existence the right of use:

- a) Measures by deducting accumulated depreciation and accumulated impairment losses and
- b) The restatement of the lease obligation at the restated cost..

The Bank applies principle of amortization in TAS 16 Property, Plant and Equipment while depreciating the right of use.

Lease Liabilities:

At the date of the effective leasing of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at the time. Lease payments are discounted using the imputed rate of interest in the lease if they can be easily determined. If this rate cannot be easily determined, the Bank uses the Bank's alternative borrowing rate. Lease payments that are included in the measurement of the lease liability at the date the lease is commenced consist of the unpaid payments to be made for the right of use during the lease term of the underlying asset and the date on which the lease has actually begun:

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

- a) Increases the book value to reflect the rate of profit in the lease obligation,
- b) Reduces the book value to reflect the rent payments made and
- c) Re-assess the book value to reflect re-evaluations and reconstructions, or to reflect the lease payments that are fixed on the revised basis.

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The profit for the lease obligation for each period in the lease term is the amount calculated by applying a fixed periodic rate of profit to the remaining balance of the lease obligation. The Participation Bank takes part as a lessor in leasing transactions. The Participation Bank indicates the assets subject to leasing as a receivable equal to the net lease investment amount in the balance sheet. The total of the lease payments is gross in the leasing receivables account including the dividends and principal amounts. The profit share, which is the difference between the total of the lease payments and the cost of the related fixed assets, is included in the unearned finance lease income account. As the lease payments are realized, the rent amount is deducted from the lease receivables account; the profit share is reflected in the statement of profit or loss by deducting from the unearned profit share income account.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding".

The Parent Bank provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable. When a reliable estimate of the amount of obligation cannot be made, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

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.

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment termination and vacation benefits

Liabilities related to severance pay and right to leave calculated according to the regulations of the TAS 19 "Accounting Standard of Employee Benefits" and the Group's liabilities related to future severance pay and right to leave calculated and reflected to the financial statements on the net present value.

According to the related regulation, the Group is obliged to pay termination benefits depending on the arise of the legal conditions for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or, for the female employees, who have voluntarily quit within one year after the date of their marriage. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Employment Termination Benefit Provision ceiling). Employment Termination Benefit is calculated based on actuarial assumptions.

The Group makes assumptions on issues such as discount rate, employee turnover, future salary increases while determining the liability. As of 31 December 2021, the Group's severance pay liability is TL 26.259 (31 December 2020: TL 18.984).

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Communiqué on "Turkish Accounting Standard ("TAS19") about Benefits for Employee (No: 9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority ("POA") on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 6.895 was classified under shareholders' equity in the financials. (31 December 2020: TL 7.068 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 31 December 2021 unused vacation liability of the Bank is TL 10.500 (31 December 2020: TL 7.250).

The Group does not employ personnel on fixed-term contracts.

b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of "two years" in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as "four years" with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

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Based on the Council of Ministers' decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506.

As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2021 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

a. Current tax

Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, effective from January 1, 2006, the corporate tax rate applied at the rate of 20% for corporate earnings, With the provision in Articles 11 and 14 of the "Law on the Procedure for the Collection of Public Receivables and the Law on Amendments to Certain Laws" published in the newspaper, starting from the declarations that must be submitted as of 1 July 2021 and the taxation period starting from 1 January 2021 it has been rearranged as 25% for the corporate earnings for the 2021 fiscal period and 23% for the 2022 fiscal period, to be valid for the corporate earnings. The rate applied in the first period temporary tax return for the 2021 accounting period earnings is 20%, and this rate is applied as 25% as of the second period temporary tax return. The corporate tax rate is applied to the tax base to be found as a result of the addition of non-deductible expenses to the commercial earnings of the companies, the exemption (such as participation income exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney 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 no withholding tax incurs in such a case.

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be used to offset any other financial liabilities to the government.

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According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%).

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which does not accrue on time because the applying exemption for the transfer of the expemted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, it has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years profit/loss account.

b. Deferred tax

In accordance with TAS 12 "Turkish Accounting Standards Relating to Income Tax" and taking into account the additional regulation introduced by the Law No. 7316 of 22 April 2021, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. In accordance with the relevant law, the Corporate Tax rate has been increased to 25% for the taxation period starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021, and this rate will be applied as 23% for the period of 2022. As of 31 December 2020, deferred tax is calculated over 20%.

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Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Parent Bank As of 31 December 2021, deferred tax calculations were made on its assets and liabilities at rates varying between 20% and 25%. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

Carrying amount of deferred tax asset is reviewed as of each balance sheet date. Carrying value of deferred tax asset is reduced to the extent that it is not probable that a financial profit will be obtained to allow some or all of the deferred tax asset to be benefited.

Deferred tax is calculated over the tax rates valid in the period when assets are created or liabilities are fulfilled and recorded as expense or income in the income statement. However, deferred tax is associated directly with the equity account group if it relates to assets directly associated with equity in the same or a different period.

Calculated deferred tax assets and deferred tax liabilities are netted off in the unconsolidated financial statements.

The deferred tax effects of transactions accounted for directly in equity are also presented in equity.

As of 1 January 2018, deferred tax assets have been started to be calculated over the expected loss provisions that constitute temporary difference within the framework of TFRS 9 provisions. Deferred tax calculations are not made for free provisions.

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Group recognizes its debt instruments in accordance with TFRS 9 "Financial Instruments" and all financial liabilities are carried at amortized cost by using effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings. There are no debt securities issued by the Bank. The Bank has issued borrowings as sukuk issuances, this through its subsidiary Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., these sukuk issuances are provided to the qualified investors without being released through an IPO and the bank takes place during this operation as a fund user.

XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

As of the balance sheet date, the Parent Bank has not issued any shares.

XX. EXPLANATIONS ON ACCEPTANCES

The Group's debt commitments regarding bills and acceptances are accounted for under "Off-balance sheet Liabilities".

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XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

As of the balance sheet date, the Group does not have any government incentives.

XXII. EXPLANATION ON CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATION ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 "Turkish Accounting Standard about Operating Segments" together with organizational and internal reporting structure of the Bank, are disclosed in Note IX. of Section Four.

XXIV. EXPLANATION ON OTHER MATTERS

None.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY

Equity amount and capital adequacy standard ratio, within the framework of "Regulation on Banks' Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" and in addition to these, the following regulations of the BRSA;

- In the calculation of the amount subject to credit risk within the framework of the regulation dated 16 September 2021 and numbered 9795; when calculating the valued amounts in foreign currency, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date can be used.
- In case the net valuation differences of the securities held by banks in the "Securities at Fair Value through Other Comprehensive Income" portfolio within the framework of the regulation dated 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount. In case the net valuation differences of the securities held by banks in the "Securities at Fair Value through Other Comprehensive Income" portfolio within the framework of the regulation dated 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount.

The current period equity amount calculated as of 31 December 2021, taking into account the latest regulations, is 6.747.612 TL (31 December 2020: 4.704.364 TL), and the capital adequacy standard ratio is 14,02% (31 December 2020: 14,75%). The capital adequacy standard ratio of the Parent Bank is above the minimum ratio determined by the relevant legislation.

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Information related to the components of shareholders' equity:

	Current Period 31.12.2021	Prior Period 31.12.2020
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.750.000	1.750.000
Share issue premiums	-	-
Reserves	1.739.171	1.098.041
Gains recognized in equity as per TAS	418.988	245.102
Profit	558.689	641.130
Current Period Profit	558.689	638.562
Prior Period Profit	-	2.568
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	4.466.848	3.734.273
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st 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	139.776	-
Improvement costs for operating leasing	33.991	21.363
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	223.839	161.257
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th 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 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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	Current Period 31.12.2021	Prior Period 31.12.2020
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 I Capital	397.606	182.620
Total Common Equity Tier I Capital	4.069.242	3.551.653
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA ^(*)	1.150.435	706.370
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
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 Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated 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	1.150.435	706.370
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	5.219.677	4.258.023
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA ^(*)	1.300.000	300.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	229.704	149.669
Tier II Capital Before Deductions	1.529.704	449.669
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.529.704	449.669
Total Capital (The sum of Tier I Capital and Tier II Capital)	6.749.381	4.707.692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period 31.12.2021	Prior Period 31.12.2020
Total of Original Capital and Supplementary Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50 th and 51 th 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	1.770	3.328
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	-	-
TOTAL CAPITAL		
Total Capital (Total capital and contribution capital)	6.747.612	4.704.364
Total risk weighted amounts	48.141.964	31.904.109
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	8,45	11,13
Tier 1 Capital Adequacy Ratio (%)	10,84	13,35
Capital Adequacy Ratio (%)	14,02	14,75
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,95	6,63
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	229.704	149.669
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	229.704	149.669
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	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information of the borrowing instruments to be included in equity calculation

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at consolidated/consolidated	Consolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 300 Million
Par value of instrument	TL 300 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	29 March 2019
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	16,25%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

^(*) Profit share for participation banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at consolidated/consolidated	Consolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	16 April 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	18,00%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

Ziraat Katılım Bankası A.Ş.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at consolidated/consolidated	Consolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	17 November 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	17,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at consolidated/consolidated	Consolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 1.150 Million
Par value of instrument	TL 1.474 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	24 April 2019
Perpetual or dated	Undated
Original maturity date	24 April 2019
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends ^(*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 7
Details of incompliances with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 7

(*) Profit share for participation banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Required explanations for the reconciliation between table of equity components and balance sheet

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance sheet equity value	4.321.735	3.734.273
Equity value of balance sheet	(33.991)	(21.363)
Cost of development of operating lease	(223.839)	(161.257)
Goodwill and other intangible assets and related deferred tax liability	1.300.000	300.000
Debt instruments and premiums approved by BRSA	229.704	149.669
Tier II Capital	1.150.435	706.370
Debt instruments and premiums approved by BRSA - subordinated loans	(1.770)	(3.328)
Other values deducted from equity	5.338	-
Amount taken into consideration in the calculation of legal equity	6.747.612	4.704.364

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The authority to allocate loans mainly belongs to the Board of Directors, and the limits of the loan customers are determined within the framework of the credit authorization limits of the Head Office Credit Committee and the Board of Directors pursuant to the authority given by the Board of Directors. Limits are allocated by evaluating many factors such as financial and non-financial data of loan customers, loan needs, sectoral and geographical characteristics.

In terms of credit risk, the debtor or group of debtors are subject to risk limitations. The debtor and group of debtors and the risk limitations of the sectors are monitored weekly within the scope of their risk appetite.

The limits for the loan portfolio are determined with the approval of the Board of Directors and revised when necessary. The determined limits are distributed by the relevant Head Office units, taking into account the existing portfolio structure, customer and loan potential, regional and sectoral characteristics, and the competence of the staff.

After the limit is allocated to customers in the commercial portfolio, companies continue to be monitored, and changes in the financial structures and market relations of the companies with funds are monitored.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Documents to be obtained during limit allocation and fund utilization are clearly stated in the legislation, and whether the said documents are obtained in accordance with the legislation is controlled by the inspection units. The Bank considers the collateral important in terms of minimizing the risk and its liquidation. As a result of the credit policies and processes based on obtaining reliable and robust guarantees, the Bank is believed to significantly reduce the credit risk.

The Bank implements the internal rating procedures for the analysis of the credit worthiness of its Corporate/Entrepreneurial loan customers as a decision support system in loan allocation.

The Bank makes provision in conformity with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries.

Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored.

The expected loss provision (third stage) is calculated for loans belonging to customers classified as non-performing loans in accordance with the the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", taking into account the guarantees received from the relevant customer.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 46,10% and 56,80% respectively (31 December 2020: 42,10% and 52,51%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 55,17% and 67,56% respectively (31 December 2020: 52,50% and 65,79%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 41,77% ve 53,11% respectively (31 December 2020: 44,95% and 56,14%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 397.184 (31 December 2020: TL 364.383)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and noncommercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Current Period								
31.12.2021								
Domestic	16.859.321	-	303.839	-	-	1.510.621	36.800.131	8.982.302
European Union Countries	-	-	-	-	-	308.509	-	703
OECD Countries ^(*)	-	-	-	-	-	736.779	283	-
Off-shore Banking Regions	-	-	-	-	-	-	198.913	-
USA, Canada	-	-	-	-	-	204.224	-	-
Other Countries	-	-	-	-	-	251.110	101.644	8
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ^(**)	-	-	-	-	-	-	-	-
Total	16.859.321	-	303.839	-	-	3.011.243	37.100.971	8.983.013

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

^(*) OECD Countries other than EU countries, USA and Canada.^(**) Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and noncommercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Prior Period								
31.12.2020								
Domestic	8.707.427	-	267.687	-	-	4.095.017	25.524.179	6.324.480
European Union Countries	-	-	-	-	-	855.147	549	6.786
OECD Countries ^(*)	-	-	-	-	-	13.521	-	75
Off-shore Banking Regions	-	-	-	-	-	160	-	-
USA, Canada	-	-	-	-	-	44.795	-	74
Other Countries	-	-	-	-	-	59.865	72.500	5.085
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ^(**)	-	-	-	-	-	-	-	-
Total	8.707.427	-	267.687	-	-	5.068.505	25.597.228	6.336.500

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

^(*) OECD Countries other than EU countries, USA and Canada.^(**) Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Shortterm receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
	6.424.970	257.585	13.994	-	-	-	-	1.250.969	72.403.732
	-	-	31	-	-	-	-	-	309.243
	-	-	-	-	-	-	-	-	737.062
	-	-	-	-	-	-	-	-	198.913
	-	-	-	-	-	-	-	-	204.224
	-	-	63.692	-	-	-	-	-	416.454
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	6.424.970	257.585	77.717	-	-	-	-	1.250.969	74.269.628

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Shortterm receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
	4.366.671	258.567	-	-	-	-	-	584.743	50.128.771
	2.141	-	-	-	-	-	-	-	86.623
	6	-	-	-	-	-	-	-	13.602
	-	-	-	-	-	-	-	-	160
	82	-	-	-	-	-	-	-	44.951
	599	-	104.158	-	-	-	-	-	242.207
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	4.369.499	258.567	104.158	-	-	-	-	584.743	51.294.314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Risk Profile by Sectors or Counterparties

Current Period 31.12.2021 Sectors/ Counterparties	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Agriculture	-	-	1	-	-	-	275.496	157.357
Farming and Stockbreeding	-	-	1	-	-	-	233.062	107.159
Forestry	-	-	-	-	-	-	16.123	42.755
Fishing	-	-	-	-	-	-	26.311	7.443
Manufacturing	203.146	-	264.623	-	-	-	19.876.548	3.043.074
Mining and Quarrying Production	-	-	-	-	-	-	651.795	47.732
Manufacturing Industry	203.146	-	110.642	-	-	-	16.947.803	2.906.060
Electric, Gas and Water	-	-	153.981	-	-	-	2.276.950	89.282
Construction	-	-	11	-	-	-	6.190.130	1.178.981
Services	16.656.175	-	39.204	-	-	3.011.243	10.505.849	3.160.795
Wholesale and Retail Trade	-	-	150	-	-	-	4.545.540	2.385.496
Hotel Food and Beverage Services	-	-	32	-	-	-	542.837	102.689
Transportation and Telecommunication	-	-	-	-	-	-	1.207.244	203.945
Financial Institutions	16.656.175	-	89	-	-	3.011.243	907.090	2.069
Real Estate and Leasing Services	-	-	14.547	-	-	-	2.724.031	347.904
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	40	-	-	-	42.869	28.769
Health and Social Services	-	-	24.346	-	-	-	536.238	89.923
Other	-	-	-	-	-	-	252.948	1.442.806
Total	16.859.321	-	303.839	-	-	3.011.243	37.100.971	8.983.013

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Risk Classes											
	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	TL	FC	Total
	31.012	866	-	-	-	-	-	-	382.265	82.467	464.732
	26.201	859	-	-	-	-	-	-	318.462	48.820	367.282
	2.465	7	-	-	-	-	-	-	57.283	4.067	61.350
	2.346	-	-	-	-	-	-	-	6.520	29.580	36.100
	1.044.607	62.238	-	-	-	-	-	-	9.463.897	15.030.339	24.494.236
	34.012	492	-	-	-	-	-	-	206.180	527.851	734.031
	984.553	61.660	-	-	-	-	-	-	8.632.881	12.580.983	21.213.864
	26.042	86	-	-	-	-	-	-	624.836	1.921.505	2.546.341
	977.025	56.910	-	-	-	-	-	-	5.250.839	3.152.218	8.403.057
	1.275.394	135.592	63.858	-	-	-	-	-	17.854.556	16.993.553	34.848.110
	684.572	120.425	51	-	-	-	-	-	5.676.336	2.059.898	7.736.234
	112.839	546	7	-	-	-	-	-	432.880	326.070	758.950
	26.092	9.578	-	-	-	-	-	-	354.828	1.092.031	1.446.859
	6.695	2	63.654	-	-	-	-	-	8.022.575	12.624.441	20.647.017
	368.928	4.126	35	-	-	-	-	-	2.844.699	614.872	3.459.571
	-	-	-	-	-	-	-	-	-	-	-
	57.362	915	-	-	-	-	-	-	114.554	15.401	129.955
	18.906	-	111	-	-	-	-	-	408.684	260.840	669.524
	3.096.932	1.979	13.859	-	-	-	-	1.250.969	4.670.600	1.388.893	6.059.493
	6.424.970	257.585	77.717	-	-	-	-	1.250.969	37.622.157	36.647.470	74.269.628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period Sectors/ Counterparties	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Agriculture	-	-	-	-	-	-	198.878	134.867
Farming and Stockbreeding	-	-	-	-	-	-	164.440	106.604
Forestry	-	-	-	-	-	-	10.168	19.379
Fishing	-	-	-	-	-	-	24.270	8.884
Manufacturing	-	-	232.935	-	-	-	12.589.802	2.142.431
Mining and Quarrying	-	-	-	-	-	-	390.530	23.871
Manufacturing Industry	-	-	232.935	-	-	-	11.410.574	2.085.729
Electric, Gas and Water	-	-	-	-	-	-	788.698	32.831
Construction	-	-	-	-	-	-	4.081.413	892.080
Services	8.707.427	-	34.752	-	-	5.068.505	8.238.272	2.582.413
Wholesale and Retail Trade	-	-	216	-	-	-	4.208.885	2.014.549
Hotel Food and Beverage Services	-	-	-	-	-	-	270.435	66.012
Transportation and Telecommunication	-	-	-	-	-	-	1.056.587	140.483
Financial Institutions	8.707.427	-	-	-	-	5.068.505	604.869	5.252
Real Estate and Leasing Services	-	-	20.836	-	-	-	1.696.450	263.628
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	48.585	19.292
Health and Social Services	-	-	13.700	-	-	-	352.461	73.197
Other	-	-	-	-	-	-	488.863	584.709
Total	8.707.427	-	267.687	-	-	5.068.505	25.597.228	6.336.500

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Risk Classes												
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	TL	FC	Total		
19.600	986	-	-	-	-	-	-	258.757	95.574	354.331		
18.558	860	-	-	-	-	-	-	217.874	72.588	290.462		
1.042	126	-	-	-	-	-	-	29.664	1.051	30.715		
-	-	-	-	-	-	-	-	11.219	21.935	33.154		
432.093	88.841	-	-	-	-	-	-	7.461.418	8.024.684	15.486.102		
38.652	1.226	-	-	-	-	-	-	250.483	203.796	454.279		
369.386	87.443	-	-	-	-	-	-	6.857.675	7.328.392	14.186.067		
24.055	172	-	-	-	-	-	-	353.260	492.496	845.756		
577.461	107.024	-	-	-	-	-	-	4.193.742	1.464.236	5.657.978		
908.330	61.320	104.158	-	-	-	-	-	12.534.325	13.170.852	25.705.177		
557.651	53.714	-	-	-	-	-	-	5.448.425	1.386.590	6.835.015		
40.872	435	-	-	-	-	-	-	184.589	193.165	377.754		
21.772	1.012	-	-	-	-	-	-	286.709	933.145	1.219.854		
11.100	-	104.158	-	-	-	-	-	4.464.022	10.037.289	14.501.311		
211.819	4.441	-	-	-	-	-	-	1.795.336	401.838	2.197.174		
-	-	-	-	-	-	-	-	-	-	-		
52.394	1.717	-	-	-	-	-	-	100.566	21.422	121.988		
12.722	1	-	-	-	-	-	-	254.678	197.403	452.081		
2.432.016	395	-	-	-	-	-	584.743	3.137.322	953.404	4.090.726		
4.369.500	258.566	104.158	-	-	-	-	584.743	27.585.564	23.708.750	51.294.314		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Analysis of maturity-bearing exposures according to remaining maturities:

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	8.899.329	1.429.944	28.463	508.003	5.993.582
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	39.525	33	142	155.059	109.080
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	2.800.637	181.281	10.233	13.650	5.442
Conditional and unconditional exposures to corporates	1.535.508	2.598.258	5.982.023	6.065.324	20.919.858
Conditional and unconditional retail exposures	206.877	536.057	887.531	1.375.218	5.977.330
Conditional and unconditional exposures secured by real estate property	35.542	211.487	218.071	350.360	5.609.510
Past due receivables	257.585	-	-	-	-
Receivables defined in high risk category by BRSA	63.830	26	-	-	13.861
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Investments in Equity Instruments	1.250.969	-	-	-	-
Grand Total	15.089.802	4.957.086	7.126.463	8.467.614	38.628.663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

It is prepared by using the figures after KRA and before Credit Risk Reduction.

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	3.347.758	165.173	157.858	725.478	4.311.160
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	20.047	158.642	20.955	68.043
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	4.870.053	181.554	11.422	-	5.476
Conditional and unconditional exposures to corporates	1.043.046	1.604.856	1.118.030	2.293.553	19.537.743
Conditional and unconditional retail exposures	359.541	166.441	257.891	515.412	5.037.215
Conditional and unconditional exposures secured by real estate property	21.354	49.906	66.697	259.680	3.971.863
Past due receivables	258.566	-	-	-	-
Receivables defined in high risk category by BRSA	104.158	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Investments in Equity Instruments	584.743	-	-	-	-
Grand Total	10.589.219	2.187.977	1.770.540	3.815.078	32.931.500

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

Rating Grades;

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Governments
3. Receivables from Administrative Units and Non-Commercial Enterprises
4. Receivables from Banks and Intermediary Institutions are used in risk classes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

In the risk classes of Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments, and Receivables from Administrative Units and Non-Commercial Initiatives, the grade given by Fitch Ratings International Rating corresponds to the credit quality level 3. The grades used in the Credit from Banks and Intermediary Institutions risk class match with all credit quality levels from 1 to 6.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

Exposures by risk weights:

Current Period													
	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	20.410.304	-	2.863.858	3.438.597	3.440.949	8.978.381	38.089.163	78.047	-	-	-	257.830
2	Exposures after Credit Risk Mitigation	23.673.373	-	3.612.076	3.438.597	3.977.651	7.046.629	35.472.926	78.047	-	-	-	257.830

Prepared with the numbers after conversion rate to credit.

Prior Period													
	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	11.202.029	-	5.288.936	2.650.350	2.001.044	6.336.500	26.206.249	104.501	-	-	-	182.620
2	Exposures after Credit Risk Mitigation	15.629.854	-	5.779.142	2.650.350	2.501.787	3.633.282	23.490.693	104.501	-	-	-	182.620

Prepared with the numbers after conversion rate to credit.

Information in terms of major sectors and type of counterparties:

Impaired Loans These are loans that are overdue for more than 90 days as of the end of the reporting period or are deemed to be impaired due to their credibility. For these loans, the "Expected Credit Loss" (Third Stage) calculation is made within the scope of TFRS

Non-Performing Loans; Loans that are overdue up to 90 days as of the end of the reporting period, but are not impaired. For these loans, "Expected Credit Loss" (Second Stage) calculation is made within the scope of TFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Loans		Provisions
	Impaired (TFRS 9)		
Current Period 31.12.2021	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	2 nd and 3 rd Stage Loan Provisions)
Agriculture	17.796	26.015	21.555
Farming and Stockbreeding	14.784	19.738	17.214
Forestry	3.012	5.822	3.922
Fishery	-	455	419
Manufacturing	657.238	563.405	537.580
Mining and Quarrying	132.450	13.290	34.405
Production	524.788	545.626	499.178
Electricity, Gas and Water	-	4.489	3.997
Construction	871.192	548.207	479.480
Services	701.955	555.593	462.575
Wholesale and Retail Trade	248.013	467.435	380.130
Accommodation and Dining	14.427	2.561	6.658
Transportation and Telecom.	26.012	44.495	32.946
Financial Institutions	124.897	5.146	4.531
Real Estate and Rental Services	192.190	23.503	26.596
Professional Services	342	174	97
Educational Services	5.781	125	160
Health and Social Services	90.293	12.154	11.457
Other	49.427	5.756	5.491
Total	2.297.608	1.698.976	1.506.681

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Loans		Provisions
	Impaired (TFRS 9)		
Prior Period 31.12.2020	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	2 nd and 3 rd Stage Loan Provisions)
Agriculture	13.807	18.201	16.964
Farming and Stockbreeding	13.807	13.518	13.489
Forestry	-	3.815	2.760
Fishery	-	868	715
Manufacturing	685.651	497.187	416.676
Mining and Quarrying	107.655	15.971	35.716
Production	577.996	475.769	377.024
Electricity, Gas and Water	-	5.447	3.936
Construction	212.835	404.887	268.168
Services	834.792	256.344	318.380
Wholesale and Retail Trade	702.366	185.849	253.685
Accommodation and Dining	9.615	2.782	1.933
Transportation and Telecom.	12.656	29.489	28.207
Financial Institutions	4.719	-	50
Real Estate and Rental Services	58.429	30.441	24.888
Professional Services	632	502	268
Educational Services	3.714	52	128
Health and Social Services	42.661	7.229	9.221
Other	4.619	4.439	4.720
Total	1.751.704	1.181.058	1.024.908

Information about Value Adjustment and Change in Provisions:

Current Period ^(*) 31.12.2021		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Provisions	788.843	636.218	(87.349)	-	1.337.712
2	Stage 1 and 2 Provisions	364.383	256.117	(223.316)	-	397.184
Prior Period ^(*) 31.12.2020		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Provisions	467.773	434.862	(113.792)	-	788.843
2	Stage 1 and 2 Provisions	106.073	307.281	(48.971)	-	364.383

(*) Provisions for expected losses allocated for financial lease receivables are included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The table below shows the maximum credit sensitivity of the financial statement items.

	Current Period 31.12.2021	Prior Period 31.12.2020
Financial Assets at Fair Value Through Profit/Loss	1.795.316	980.872
Banks	3.350.140	4.799.768
Money Markets Receivables	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.579.158	5.145.732
Financial Assets Measured at Amortised Cost	1.327.957	779.437
Loans Given	56.853.656	38.223.417
Financial lease receivables	9.546.264	5.136.219
Other Assets	17.063.147	7.038.443
Credit risk sensitivity of balance sheet items	98.515.638	62.103.888
Guarantees and Sureties	29.603.465	15.915.770
Commitments	1.146.602	661.597
Credit risk sensitivity of off-balance sheet items	30.750.067	16.577.367
Total credit risk sensitivity	129.265.705	78.681.255

Information on credit quality by financial asset class:

	Current Period			Prior Period		
	Not Overdue and Not Impaired	Overdue and Not Impaired	Total	Not Overdue and Not Impaired	Overdue and Not Impaired	Total
Financial Assests						
Banks	3.350.140	-	3.350.140	4.799.768	-	4.799.768
Financial Assets at Fair Value Through Profit/Loss	1.795.316	-	1.795.316	980.872	-	980.872
Loans Given:	64.138.232	2.297.608	66.435.840	40.426.874	1.751.704	42.178.578
Corporate/Entrepreneurial Loans	58.791.156	2.248.184	61.039.340	35.935.620	1.745.593	37.681.213
Personal Loans	5.347.076	49.424	5.396.500	4.491.254	6.111	4.497.365
Specialized Loans	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.589.570	-	8.589.570	5.145.732	-	5.145.732
Financial Assets Measured at Amortised Cost	1.327.957	-	1.327.957	779.437	-	779.437

III. RISKS INCLUDED CAPITAL CAPACITY BUFFER CALCULATIONS

According to the Board decision published by the BRSA, the transactions between banks are not included in the Cyclical Capital Buffer rate calculation. In this context, as of 31 December 2021, the cyclical capital buffer rate formed as a result of the calculations made as a result of the Bank's receivables from abroad other than Banks is 0%. The geographical distribution of receivables from the private sector, which is taken into account in the calculation of the circular capital buffer specific to the bank, is explained in the table below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Current Period 31.12.2021

Country	Banking accounts RWA	Trading accounts RWA	Total
Marshall Island	143.164	-	143.164
United Arab Emirates	92.340	-	92.340
Saudi Arabia	1.861	-	1.861
England	283	-	283
Germany	57	-	57
Sudan	38	-	38
Somalia	25	-	25
Egypt	1	-	1
Holland	1	-	1

Prior Period 31.12.2020

Country	Banking accounts RWA	Trading accounts RWA	Total
United Arab Emirates	56.903	-	56.903
Germany	5.256	-	5.256
Saudi Arabia	1.568	-	1.568
England	712	-	712
Egypt	373	-	373
Bulgaria	152	-	152
Northern Cyprus Turkish Republic	100	-	100
France	85	-	85
USA	84	-	84
Senegal	75	-	75
Somalia	69	-	69
Switzerland	56	-	56
Jordan	40	-	40
Norway	2	-	2
Mauritania	-	-	-

IV. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

a) Whether the Parent Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors:

The Parent Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. In addition to monitoring the currency risk through the currency risk table created within the scope of the standard method, the "Value at Risk" ("VAR") is calculated for the purpose of monitoring the foreign currency position at the Bank.

Moreover, dealer's positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:

None.

c) Foreign currency risk policy:

Periodic "Liquidity Gap Analysis" is performed to determine the liquidity risks in the most important foreign currencies in which the Parent Bank operates, the US Dollar and Euro. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

d) Current foreign exchange bid rates of the Group for the last 5 business days prior to the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
31.12.2021	12,9950	14,7400	9,3871	1,9721	1,4250	14,1877	10,1357	1,4639	17,5625	3,4349	11,1800
30.12.2021	12,9291	14,6498	9,3485	1,9605	1,4237	14,1220	10,0133	1,4613	17,4657	3,4175	11,1210
29.12.2021	12,4830	14,1655	9,0011	1,8959	1,3746	13,6168	9,6467	1,4126	16,8243	3,2991	10,7690
28.12.2021	11,7016	13,2284	8,4342	1,7703	1,2841	12,7227	9,0513	1,3224	15,7349	3,0919	10,0880
27.12.2021	11,2286	12,7196	8,0743	1,7021	1,2259	12,2071	8,6753	1,2620	15,0764	2,9672	9,6880
24.12.2021	11,3500	12,8514	8,1582	1,7197	1,2364	12,3217	8,7663	1,2764	15,2111	2,9996	9,8240

e) Simple arithmetic average of the Parent Bank's current foreign exchange bid rates for the last 30 days prior to the balance sheet date:

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
13,5260	15,2897	9,6293	2,0460	1,4799	14,6615	10,4666	1,4986	17,9932	3,5771	11,7700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information on the foreign currency risk of the Group

	EUR	USD	Other FC (***)	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	4.122.307	6.317.891	1.784.280	12.224.478
Banks	490.489	1.464.457	1.385.547	3.340.493
Financial assets at fair value through profit and loss (****)	-	-	1.795.316	1.795.316
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	221.737	3.548.021	-	3.769.758
Loans (*)	15.220.383	14.751.480	-	29.971.863
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	1.327.957	-	-	1.327.957
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	-	874	874
Intangible assets	-	-	-	-
Other assets	35.376	5.515	24.228	65.119
Total assets	21.418.249	26.087.364	4.990.245	52.495.858
Liabilities				
Current account and funds collected from Banks via participation accounts	13.334	1.393	158	14.885
Current and participation accounts FC	16.992.415	26.184.191	5.027.650	48.204.256
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1.196.718	491.333	-	1.688.051
Marketable securities issued	1.314.363	-	-	1.314.363
Miscellaneous Payables	736.097	490.967	1.206	1.228.270
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities (****)	323.342	127.550	6.637	457.529
Total liabilities	20.576.269	27.295.434	5.035.651	52.907.354
Net balance sheet position	841.980	(1.208.070)	(49.509)	(415.599)
Net off-balance sheet position (**)	(858.141)	1.188.203	158.937	488.999
Financial derivative assets	979	1.374.457	180.259	1.555.695
Financial derivative liabilities	859.120	186.254	21.322	1.066.696
Net position	(16.161)	(19.867)	109.428	73.400
Non cash loans	10.787.955	9.938.002	606.336	21.332.293
Prior Period				
Total assets	10.223.142	12.567.310	3.308.730	26.099.182
Total liabilities	9.283.270	11.228.570	3.235.828	23.747.668
Net balance sheet position	939.872	1.338.740	72.902	2.351.514
Net off-balance sheet position	(1.089.668)	(1.414.557)	(227)	(2.504.452)
Financial derivative assets	-	1.068.995	59.008	1.128.003
Financial derivative liabilities	1.089.668	2.483.552	59.235	3.632.455
Net Position	(149.796)	(75.817)	72.675	(152.938)
Non-cash loans	5.489.608	3.480.241	106.639	9.076.488

(*) Foreign currency indexed loans amounting to TL 234.136, which are displayed as TL in the unconsolidated financial statements, are shown with the relevant foreign currency code. Includes receivables from lease transactions.

(**) Shows net receivables and debts from derivative financial instruments.

(***) The currencies in the other FC column of the assets section consist of 91% Gold, 2% GBP, and the remaining 7% other currencies. The currencies in the FC column of liabilities section consist of 93% Gold, 2% GBP, and the remaining 5% other currencies.

(****) Provisions, lease liabilities and subordinated loans are included.

(*****) Includes subordinated loan balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value

The breakdown of the amount of capital liabilities on the basis of the relevant share investments, depending on the method of calculating the capital obligation selected by the bank from among the approaches allowed to be used in the Communiqué on Credit Risk Standard Method or Communiqué Related to Calculation of Credit Risk Based Approach Based on Internal Grading:

According to the credit risk standard method, stock investments in the banking accounts are 10.412 TL, all of which are 100% risk weight (31 December 2020: 10.412).

VI. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of "Regulation for Liquidity Risk and Liquidity and Financial Emergency Situation Management".

Generally participation accounts concentration weighted for 1 month in both banking and participation banking sectors, collecting funds are longer than maturity perceived as an element of risk, in order to reduce the risk, attention showed to the liquidity of maturity group which is due for one month.

The Parent Bank performs Remaining Maturity Analysis for the observation of the maturity structure of the balance sheet, Liquidity Gap Analysis for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Bank's liquidity and in the worst case scenario and the loss associated with it. The main subject of the liquidity stress test is "Sudden Participation Fund Draws" and "Exchange Rate Changes". Besides, in order to compare the Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

The Bank calculates and reports the liquidity adequacy ratio to BRSA weekly on consolidated basis and monthly on consolidated basis in accordance with "Regulation for Regulation on Banks' Liquidity Coverage Ratio Calculation" issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation. Liquidity Coverage Ratio is above the limit value specified in the regulation.

Also on the purpose of the liquidity risk management, risk limits and threshold determined as a part of risk appetite and daily monitored.

1) Liquidity Risk

a) Basis for the current liquidity risk of the Bank and whether the necessary measures taken, limitations imposed by the Bank's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:

The Parent Bank's fund resources consist of mainly participation funds. The bank is gathering funds in the name of participation accounts that the principal and predetermined yield are not guaranteed to paid back to the holder of account, and participation rates to profit or loss that results from funds to be operated are reflected to the related accounts. For this reason, the assets and liabilities of the Bank are compatible with the dividend rates.

The Parent Bank, TL and FC liquidity meets its needs mostly from the funds collected, internal and external sources that can be used in an emergencies in order to meet the liquidity requirements are monitored periodically, borrowing limits of the markets organized by the Bank and other banks, liquidity levels that can be met. The Bank manages liquidity risk within the regulations of Liquidity Risk and Liquidity and Financial Emergency Management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Payments, whether assets and liabilities are compatible with the rate of profit, whether the measurement of the probable effects of the actual inconsistency on profitability is done or not:

Payments, assets and liabilities and profit rates are monitored regularly by the management to track whether it is compatible or not and there is no dissonance whatsoever.

c) The banks internal and external sources to meet the short and long-term liquidity needs, unused significant liquidity sources:

Although the Parent Bank's assets average maturity is longer than collected funds, most of the securities, available for sale and held to maturity, make periodic coupon payment which is no longer than six months and monthly credit receivables payments provide cash flow to the Bank.

d) Evaluation of the banks cash flow rates and its sources:

The Parent Bank's main source is the participation funds, these funds are evaluated at other participation banks and loan placements. The banks most important cash inflows are receivables from banks and financial institutions and regular cash inflows from these institutions are seen as a factor that reduce the liquidity risk. Also monthly installment payments for loans are used to meet the Bank's resource needs.

2. Liquidity coverage ratio

Liquidity coverage ratio, established in order to hold and provide premium liquidity asset stock which is adequately fulfill the banks' net cash outflow, calculated within the scope of "Calculation of The Liquidity Coverage Ratio" regulation that was published by BRSA. Liquidity coverage ratio directly affected by Bank's asset, liability and potential cash inflow and outflow which is derived from off-balance sheet transactions with the level of liquid assets that can be realizable at any time and not mentioned to any collaterals.

The Parent Bank's premium liquidity asset stock; consists of debt securities which is not subjected to any collateral or repurchase agreement transaction and basically export from the Republic of Turkey's Treasury along with cash assets and care of Central Bank of the Republic of Turkey's accounts.

The Parent Bank's principal funding source represented by participation funds. Repurchase agreement transaction provided by funds and debts which comes from financial institutions take a part within the external participation fund debt items.

Managing liquidity risk effectively can be possible with preventing the concentrated liquidity asset and liability items. Participation fund, constitutes Bank's main fund source, is provided from numerous customers.

The lowest and highest Liquidity Coverage Ratios in the fourth quarter of 2020 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TL+FC	179,34	04.12.2021	118,22	28.11.2021
FC	318,18	07.10.2021	171,58	26.12.2021

Derivative transactions are included in calculation of the liquidity coverage ratio over the cash flows within the 30 day basis time slots.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Current Period 31.12.2021	Consideration Ratio Not Applied Total Value ^(*)		Consideration Ratio Applied Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	-	-	17.594.152	13.543.501
CASH OUTFLOWS				
Real person deposits and retail deposits	26.004.269	17.680.042	2.647.321	1.872.238
Stable deposit	3.221.765	-	161.088	-
Deposit with low stability	22.782.504	17.680.042	2.486.233	1.872.238
Unsecured debts except real person deposits and retail deposits	25.036.847	13.724.284	13.254.580	6.667.792
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	25.036.847	13.724.284	13.254.580	6.667.792
Secured debts	-	-	-	-
Other cash outflows	27.916.380	18.602.344	2.599.251	2.008.355
Derivative liabilities and margin obligations	1.726.582	923.811	1.051.655	923.811
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	715.848	845.134	273.898	242.874
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	25.473.950	16.833.399	1.273.698	841.670
TOTAL CASH OUTFLOW	-	-	18.501.152	10.548.385
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	7.163.737	4.336.075	5.147.453	3.726.860
Other cash inflows	1.130.684	883.069	1.130.684	883.069
TOTAL CASH INFLOWS	8.294.421	5.219.144	6.278.137	4.609.929
Applied maximum rate values				
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	17.594.152	13.543.501
TOTAL NET CASH OUTFLOWS	-	-	12.223.016	5.938.456
LIQUIDITY COVERAGE RATIO (%)	-	-	144	228

^(*) The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Consideration Ratio Not Applied Total Value ^(*)		Consideration Ratio Applied Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	-	-	10.264.831	6.800.303
CASH OUTFLOWS				
Real person deposits and retail deposits	18.045.333	11.702.096	1.848.015	1.255.054
Stable deposit	2.553.057	-	127.653	-
Deposit with low stability	15.492.276	11.702.096	1.720.362	1.255.054
Unsecured debts except real person deposits and retail deposits	22.978.598	8.224.931	13.838.433	3.631.821
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	22.978.598	8.224.931	13.838.433	3.631.821
Secured debts	-	-	-	-
Other cash outflows	17.605.327	10.384.977	1.991.486	1.566.757
Derivative liabilities and margin obligations	1.599.722	1.013.755	1.078.820	1.013.755
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	331.042	426.882	128.937	105.785
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	15.674.563	8.944.340	783.729	447.217
TOTAL CASH OUTFLOW	-	-	17.677.934	6.453.632
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	5.893.623	4.030.512	4.636.918	3.650.757
Other cash inflows	1.130.147	921.105	1.130.147	921.105
TOTAL CASH INFLOWS	7.023.770	4.951.617	5.767.065	4.571.862
Applied maximum rate values				
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	10.264.831	6.800.303
TOTAL NET CASH OUTFLOWS	-	-	11.910.869	1.881.770
LIQUIDITY COVERAGE RATIO (%)	-	-	86	361

(*) The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^(*)	Total
Current Period								
31.12.2021								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	5.808.237	9.481.258	-	-	-	-	-	15.289.495
Banks ^(*)	2.249.735	1.100.117	-	-	-	-	-	3.349.852
Financial Assets at Fair Value Through Profit and Loss	-	-	612.426	-	1.182.890	-	-	1.795.316
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	124.305	1.656.451	1.050.402	5.705.679	42.321	10.412	8.589.570
Loans Given	-	324.624	4.138.241	14.441.355	35.307.502	11.826.934	361.264	66.399.920
Financial Assets Measured at Amortised Cost	-	-	-	-	1.327.957	-	-	1.327.957
Other Assets	-	-	-	-	-	-	1.763.528	1.763.528
Total Assets	8.057.972	11.030.304	6.407.118	15.491.757	43.524.028	11.869.255	2.135.204	98.515.638
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.148.811	522.614	-	-	-	-	-	4.671.425
Current and Participation Accounts	17.456.658	32.284.538	20.244.406	3.177.442	99.328	-	-	73.262.372
Funds Provided from Other Financial Instruments	-	686.960	382.310	439.193	499.506	-	-	2.007.969
Money Market Borrowings	-	3.784.645	-	-	-	-	-	3.784.645
Issued Marketable Securities ^(**)	-	1.147.180	2.508.524	704.318	2.655.863	-	-	7.015.885
Miscellaneous Payables	-	-	-	-	-	-	1.431.779	1.431.779
Other Liabilities	-	-	-	-	-	-	6.341.563	6.341.563
Total Liabilities	21.605.469	38.425.937	23.135.240	4.320.953	3.254.697	-	7.773.342	98.515.638
Liquidity Gap	(13.547.497)	(27.395.633)	(16.728.122)	11.170.804	40.269.331	11.869.255	(5.638.138)	-
Net Off-Balance Sheet Position	-	(3.836)	(84.902)	8.979	-	-	-	(79.759)
Receivables From Derivative Financial Instruments	-	813.655	746.424	35.534	-	-	-	1.595.613
Financial Derivative Liabilities	-	817.491	831.326	26.555	-	-	-	1.675.372
Non-Cash Loans	3.768.083	1.938.193	3.436.270	14.190.205	5.433.522	837.192	-	29.603.465

(*) The expected loss provisions for financial assets and other assets are reflected in the related accounts.

(**) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

(***) The total of subordinated debt instruments is shown in this column.

(***) Includes receivables from lease transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Breakdown of assets and liabilities according to their outstanding maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^(*)	Total
Prior Period								
31.12.2020								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ^(*)	640.288	4.833.974	-	-	-	-	-	5.474.262
Banks ^(*)	4.043.012	756.674	-	-	-	-	-	4.799.686
Financial Assets at Fair Value Through Profit and Loss	-	3.006	90.527	527.039	360.300	-	-	980.872
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	28.342	649.154	911.323	3.546.501	-	10.412	5.145.732
Loans Given	-	1.292.151	2.642.589	7.672.789	22.264.432	7.942.234	392.215	42.206.410
Financial Assets Measured at Amortised Cost	-	-	-	-	779.437	-	-	779.437
Other Assets ^(**)	-	-	-	-	-	-	800.497	800.497
Total Assets	4.683.300	6.914.147	3.382.270	9.111.151	26.950.670	7.942.234	1.203.124	60.186.896
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.554.961	-	6.934	-	-	-	-	4.561.895
Current and Participation Accounts	7.445.184	25.764.602	6.452.479	2.113.970	47.920	-	-	41.824.155
Funds Provided from Other Financial Instruments	-	147.376	195.418	512.433	533.382	38.005	-	1.426.614
Money Market Borrowings	-	2.101.073	-	-	-	-	-	2.101.073
Issued Marketable Securities	-	864.472	2.552.733	600.045	1.080.526	-	-	5.097.776
Other Liabilities ^(***)	-	-	-	-	-	-	5.175.383	5.175.383
Total Liabilities	12.000.145	28.877.523	9.207.564	3.226.448	1.661.828	38.005	5.175.383	60.186.896
Liquidity Gap	(7.316.845)	(21.963.376)	(5.825.294)	5.884.703	25.288.842	7.904.229	(3.972.259)	-
Net Off-Balance Sheet Position	-	28.293	(14.906)	838	-	-	-	14.225
Receivables From Derivative Financial Instruments	-	3.090.778	548.603	8.631	-	-	-	3.648.012
Financial Derivative Liabilities	-	3.062.485	563.509	7.793	-	-	-	3.633.787
Non-Cash Loans	2.405.872	691.439	1.632.493	6.099.552	4.733.595	352.819	-	15.915.770

^(*) The expected loss provisions for financial assets and other assets are reflected in the related accounts.^(**) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.^(***) The total of subordinated debt instruments is shown in this column.^(****) Includes receivables from lease transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Presentation of liabilities according to their remaining maturities

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Banks special current account and participation accounts	4.671.425	-	-	-	-	4.671.425
Other special current account and participation accounts	49.741.196	20.244.406	3.177.442	99.328	-	73.262.372
Funds borrowed from other financial institutions	686.960	382.310	439.193	499.506	-	2.007.969
Funds borrowed from Interbank money market	3.784.645	-	-	-	-	3.784.645
Total	58.884.226	20.626.716	3.616.635	598.834	-	83.726.411
Prior Period						
Banks special current account and participation accounts	4.554.961	6.934	-	-	-	4.561.895
Other special current account and participation accounts	33.209.786	6.452.479	2.113.970	47.920	-	41.824.155
Funds borrowed from other financial institutions	147.376	195.418	512.433	533.382	38.005	1.426.614
Funds borrowed from Interbank money market	2.101.073	-	-	-	-	2.101.073
Total	40.013.196	6.654.831	2.626.403	581.302	38.005	49.913.737

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

As of 31 December 2021, the leverage ratio of the Group's calculated from the average of three months is 4,25% (31 December 2020: 5,65%). The relevant ratio is above the minimum rate specified by the Regulation on Measurement and Assessment of Leverage Level of Banks. The reason for the change between the current period and the previous period's leverage ratio is that the average total risk increase rate is higher than the increase in average capital. The regulation stipulated the minimum leverage ratio as 3%.

Leverage ratio disclosure as follows:

	Current Period ^(*) 31.12.2021	Prior Period 31.12.2020
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	88.461.224	58.662.572
(Assets deducted from main capital)	(390.397)	(176.435)
Assets deducted from main capital	88.070.827	58.486.137
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	7.765	22.027
Potential credit risk amount of derivative financial instruments and credit derivatives	12.518	21.256
Total risk amount of derivative financial instruments and credit derivative	20.283	43.283
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	572.242	145.965
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	572.242	145.965
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	28.932.751	16.834.815
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	28.932.751	16.834.815
Equity and total risk		
Main capital	4.966.673	4.267.519
Total risk amount	117.596.102	75.501.505
Leverage ratio		
Leverage ratio %	4,25	5,65

(*) Three month average of the amounts in the table are taken into account.

VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IX. EXPLANATIONS ON RISK MANAGEMENT

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. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables that need to be prepared within the scope of Internal Ratings Based ("IRB") have not been presented.

Within the scope of risk management, there are many risks that affect the Bank's financial performance significantly. These risks include the risk of credit risk, market risk, operational risk, liquidity risk and profit share ratio arising from banking accounts. Risk management strategy is based on the mission and vision of the Bank and is aimed to respond to customers' financial needs in the most appropriate way and to support their financial success. In this context, business practices and working model support prudent risk management practices.

Internal bank risk appetite has been established and is periodically shared with top management in order to follow the specified risks. In addition, detailed risk management reports, including stress tests and scenario analyzes, where all risks are analyzed in detail, are reported to the Audit Committee.

Scenarios such as sudden changes in the curriculum, changes in country grades, changes in the loan portfolio are taken into account in the stress tests conducted.

The capital adequacy ratio is followed up by the simulation method on a daily basis although it is followed up within the monthly period which is the legal submission period. The liquidity coverage ratio of the bank is monitored daily by the risk management and is shared with the top management of the bank and the treasury unit.

In order to create a common risk culture in our bank, our bank employees are given risk management training and strategically important units have detailed explanations about the importance of risk management. Risk management policies and procedures, banking regulations based on significant risks, are available to all employees working in the Bank.

The Bank is developing a system for risk measurement methods. In the present case, standard methods are generally used in the calculations and preparations are made for advanced methods with the growth of our bank. All risk processes are closely monitored.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1. Explanations on Risk Management and Risk-Weighted Assets

a) Overview of Risk-Weighted Assets

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period 31.12.2021	Prior Period 31.12.2020	Current Period 31.12.2021
1	Credit risk (excluding counterparty credit risk)	44.767.571	29.650.611	3.581.406
2	Standardized approach	44.767.571	29.650.611	3.581.406
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	42.244	131.015	3.380
5	Standardized approach for counterparty credit risk	42.244	131.015	3.380
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies - mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	343.323	290.659	27.466
17	Standardized approach	343.323	290.659	27.466
18	Internal model approaches	-	-	-
19	Operational risk	2.988.826	1.831.724	239.106
20	Basic indicator approach	2.988.826	1.831.724	239.106
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	48.141.964	31.904.009	3.851.358

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Connections Between Financial Statements and the Risk Amounts

a) Differences between accounting consolidation and legal consolidation and matching of the subject

Current Period 31.12.2021	Valued amount according to TAS within legal consolidation ^(*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Carrying values of items	
				Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets					
Cash and Balances at Central Bank	15.289.207	15.289.207	-	12.224.478	-
Derivative Financial Assets	19.756	-	19.756	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	1.795.316	-	1.795.316	-	-
Banks	3.350.140	3.350.140	-	3.340.493	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	8.589.570	8.589.570	2.986.187	3.769.758	-
Loans and Receivable	56.853.656	56.853.654	-	24.281.583	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	1.327.957	1.327.957	-	1.327.957	-
Investments in Associates (Net)	-	-	-	-	-
Investments in Subsidiaries (Net)	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables form Leasing Transactions	9.546.264	9.546.264	-	5.456.144	-
Derivative Financial Assets for Hedging Purposes	-	-	-	6.992	-
Tangible Assets (Net)	301.919	301.919	-	874	33.991
Intangible Assets (Net)	223.839	-	-	-	223.839
Investment Properties (Net)	-	-	-	-	-
Tax Asset	301.329	301.329	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	307.881	307.881	-	-	-
Other Assets	608.804	608.804	-	58.127	-
Total Assets	98.515.638	96.476.725	4.801.259	50.466.406	257.830
Liabilities					
Deposits	77.933.797	-	-	48.219.141	-
Derivative Financial Liabilities	71.692	-	-	1.039	-
Funds Borrowed	2.007.969	-	-	1.688.051	-
Money Markets	3.784.645	-	2.498.503	-	-
Securities Issued (Net)	4.360.022	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	2.187.741	-	-	1.266.851	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	194.463	-	-	10	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	647.270	-	-	417.899	-
Tax Liability	350.441	-	-	-	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	2.655.863	-	-	1.314.363	-
Equity	4.321.736	-	-	(24.008)	-
Total Liabilities	98.515.638	-	2.498.503	52.883.346	-

^(*) It represents the Bank's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Carrying values of items				
	Valued amount according to TAS within legal consolidation ^(*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets					
Cash and Balances at Central Bank	5.477.120	5.477.120	-	5.067.541	-
Derivative Financial Assets	28.253	-	28.253	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	980.872	-	980.872	-	-
Banks	4.799.768	4.799.768	-	4.787.374	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	5.142.792	5.142.792	2.235.531	1.378.365	-
Loans and Receivable	37.070.191	37.070.191	-	10.466.219	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	779.437	779.437	-	779.437	-
Investments In Associates (Net)	-	-	-	-	-
Investments In Subsidiaries (Net)	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables Form Leasing Transactions	5.136.219	5.136.219	-	2.284.842	-
Derivative Financial Assets for Hedging Purposes	-	-	-	9	-
Tangible Assets (Net)	177.964	177.964	-	363	21.363
Intangible Assets (Net)	161.257	-	-	-	161.257
Investment Properties (Net)	-	-	-	-	-
Tax Asset	108.597	108.597	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	75.240	75.240	-	-	-
Other Assets	249.186	249.186	-	35.458	-
Total Assests	60.186.896	59.016.514	3.244.656	24.799.608	182.620
Liabilities					
Deposits	46.386.050	-	-	21.483.588	-
Derivative Financial Liabilities	19.440	-	-	19.440	-
Funds Borrowed	1.426.614	-	-	1.046.528	-
Money Markets	2.101.073	-	2.079.285	-	-
Securities Issued (Net)	4.017.250	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	788.160	-	-	216.629	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	127.634	-	-	15.688	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	409.244	-	-	197.616	-
Tax Liability	96.632	-	-	142	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	1.080.526	-	-	768.037	-
Equity	3.734.273	-	-	(84)	-
Total Liabilities	60.186.896	-	2.079.285	23.747.584	-

^(*) It represents the Bank's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period 31.12.2021	Total	Subject to credit risk framework	Securitization position	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	98.515.638	96.476.725	-	4.801.259	50.466.406
Liabilities carrying value amount under regulatory scope of consolidation	3.784.645	-	-	2.498.503	-
Total net amount under regulatory scope of consolidation	94.730.993	96.476.725	-	2.302.756	50.466.406
Differences in valuations	34.574.913	30.750.064	-	3.824.849	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
Amount of Risk	129.102.760	127.023.645	-	6.127.605	50.466.406

Prior Period 31.12.2020	Total	Subject to credit risk framework	Securitization position	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	60.186.896	59.016.514	-	3.244.656	24.799.608
Liabilities carrying value amount under regulatory scope of consolidation	2.101.073	-	-	2.079.285	-
Total net amount under regulatory scope of consolidation	58.085.823	59.016.514	-	1.165.371	24.799.608
Differences in valuations	23.859.166	16.422.235	-	7.436.931	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
Amount of Risk	81.944.989	75.438.749	-	8.602.302	24.799.608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Credit Risk Explanations

3.1) General information on credit risk

a. General qualitative information on credit risk

Effective management of credit risk is one of the important elements of a comprehensive approach to risk management. Corporate, retail and SME loans, financial lease receivables, other elements of bank assets and non-cash transactions, which are provided in connection with the activities of our bank, constitute the basis of the items that constitute credit risk. It is important to take into account the risk appetite of our bank in the activities carried out in this direction, in terms of effective credit risk management.

Credit risk limits; It has been designed in accordance with the risk levels the Bank may take, its activities, the size and complexity of its products and services, and was determined by taking the opinions and suggestions of the General Manager, the Audit Committee and the relevant Senior Managers. Limits are regularly reviewed and monitored periodically, adapted according to changes in market conditions, Bank strategy and risk appetite. In addition to taking into account our legal requirements while creating credit risk policies, our current credit performance was reviewed and a policy was created in line with the Bank's strategies and objectives.

Credit risk calculations are made carefully and meticulously and controls are carried out in accordance with the legislation. Currently, calculations are made with the standard method, and infrastructure studies are ongoing for the use of advanced methods. Credit risk calculations and applied methods are also monitored by internal control and audit units, and legal requirements are taken into account at every stage.

Detailed reports including the credit risk exposure and its relations with other risks are periodically shared with the Board of Directors and Senior Managers, and the credit risk is effectively monitored by the risk management unit.

b) Credit quality of assets

		Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
1	Loans ^(*)	1.698.976	66.435.840	1.734.896	66.399.920
2	Debt Securities	-	11.834.479	121.631	11.712.848
3	Off-balance sheet exposures	-	30.750.064	29.168	30.720.896
4	Total	1.698.976	109.020.383	1.885.695	108.833.664

^(*) Financial lease amounting to TL 9.546.264 is included in the table.

		Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
1	Loans ^(*)	1.181.058	42.178.578	1.153.226	42.206.410
2	Debt Securities	-	7.058.197	162.568	6.895.629
3	Off-balance sheet exposures	-	16.577.367	26.708	16.550.659
4	Total	1.181.058	65.814.142	1.342.502	65.652.698

^(*) Financial lease amounting to TL 5.136.219 is included in the table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Changes on defaulted loans and debt securities

1	Defaulted loans and debt securities at end of the previous reporting period	1.181.058
2	Loans and debt securities that have defaulted since the last reporting period	931.114
3	Returned to non-defaulted status	42.558
4	Amounts written off	-
5	Other changes ^(*)	(370.638)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.698.976

1	Defaulted loans and debt securities at end of the previous reporting period	947.102
2	Loans and debt securities that have defaulted since the last reporting period	654.523
3	Returned to non-defaulted status	13.039
4	Amounts written off	-
5	Other changes ^(*)	(407.528)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.181.058

^(*) A total of 101.046 TL receivables, which are monitored in the TOA accounts, with full provision, amounting to TL 89.382 and TL 11.664, respectively, were excluded from the unconsolidated and consolidated financial statements based on the transfer agreements of the receivables dated 1 December 2020 and 29 December 2020, respectively.

d) Additional explanations on credit quality of assets

i. Differences between definitions and explanations of "deferred" receivables and receivables for which "provision was allocated", and definitions of "deferred" and "provision of allocation", if any

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette no. 29750 dated 22 June 2016. The term "Deferred Receivables" is used for credits named "Loans under Close Monitoring" whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named "Non-Performing Loans" whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as "Standard Credits" and "Under Close Monitoring" and expected loss provisions for the loans for the stage 3 for credits classified as "Non-Performing Loans".

ii. The portion that is not considered within the scope of "allocation of provision" among deferred receivables (over 90 days) and reasons for this practice

The Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class.

iii. Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions". However, there is no provision in the relevant Regulation and the relevant explanations of the BRSA that prevents the provision of more than the minimum amounts required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

iv. Definitions of restructured receivable

Real/legal persons using credit, from time to time due to reasons beyond the control of other businesses with which they do business or their own businesses; It may face the usual risks of commercial life such as not being able to reflect excessive increases in costs to sales prices, loss of market and decrease in turnover, unexpected expenses, and problems in the collection of receivables. It is the repayment terms of our businesses that do not have a significant problem in their credit worthiness, that continue their income-generating activities, but cannot or will not be able to make their loan repayments on time due to the temporary liquidity shortage, in accordance with their cash flows.

v. Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

	Credits		
	Impaired (TFRS 9)		Expected Credit Loss Provisions
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Current Period 31.12.2021			
Domestic	2.297.608	1.698.976	1.734.896
European Union Countries	-	-	-
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	-	-	-
Total	2.297.608	1.698.976	1.734.896
	Credits		
	Impaired (TFRS 9)		Expected Credit Loss Provisions
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Prior Period 31.12.2020			
Domestic	1.751.704	1.181.058	1.153.226
European Union Countries	-	-	-
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	-	-	-
Total	1.751.704	1.181.058	1.153.226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Current Period 31.12.2021	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	1.032.686	26.015	24.374	1.034.344
Farming and Stockbreeding	642.556	19.738	18.767	643.527
Forestry	341.853	5.822	5.032	342.665
Fishing	48.277	455	575	48.152
Manufacturing	32.521.815	563.405	655.867	32.432.920
Mining and Quarrying	4.366.038	13.290	49.172	4.333.669
Production	26.444.061	545.626	594.411	26.395.333
Electric, Gas and Water	1.711.716	4.489	12.284	1.703.918
Construction	11.154.607	548.207	524.486	11.178.323
Services	16.322.248	555.593	519.657	16.356.922
Wholesale and Retail Trade	11.315.483	467.435	417.620	11.365.128
Hotel Food and Beverage Services	712.079	2.561	10.641	702.905
Transportation and Telecommunication	968.893	44.495	37.413	975.980
Financial Institutions	706.346	5.146	5.396	706.091
Real Estate and Leasing Services	1.866.056	23.503	33.645	1.855.913
Self Employment Services	156.372	174	789	155.760
Education Services	76.614	125	536	76.209
Health and Social Services	520.405	12.154	13.617	518.936
Other	5.404.484	5.756	10.512	5.397.411
Total	66.435.840	1.698.976	1.734.896	66.399.920

Current Period 31.12.2020	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	992.055	18.201	20.991	989.265
Farming and Stockbreeding	704.420	13.518	16.415	701.523
Forestry	265.979	3.815	3.761	266.033
Fishing	21.656	868	815	21.709
Manufacturing	19.279.023	497.187	479.857	19.296.353
Mining and Quarrying	3.405.649	15.971	43.927	3.377.693
Production	15.455.153	475.769	429.492	15.501.430
Electric, Gas and Water	418.221	5.447	6.438	417.230
Construction	11.415.118	404.887	293.953	11.526.052
Services	10.483.535	256.344	356.848	10.387.650
Wholesale and Retail Trade	6.581.978	185.849	274.660	6.493.167
Hotel Food and Beverage Services	351.341	2.782	3.809	350.314
Transportation and Telecommunication	303.608	29.489	33.008	300.089
Financial Institutions	1.201.035	-	1.154	1.199.881
Real Estate and Leasing Services	1.367.910	30.441	31.066	1.367.285
Self Employment Services	87.162	502	1.344	86.320
Education Services	91.006	52	560	90.498
Health and Social Services	499.495	7.229	11.247	495.477
Other	8.847	4.439	5.371	7.915
Total	42.178.578	1.181.058	1.153.226	42.206.410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

vi. Aging analysis for overdue receivables

Current Period 31.12.2021	1 month	1-2 months	2-3 months	3+ months	Total
Loans and Receivables ⁽¹⁾	-	-	-	-	-
Corporate/Entrepreneurial Loans	104.883	136.603	28.919	177.844	448.249
Personal Credit	75.326	12.546	8.912	2.720	99.504
Total	180.209	149.149	37.831	180.564	547.753

⁽¹⁾ The Bank's loan amounting to TL 1.490.386, which is under close monitoring, has no delay.

Prior Period 31.12.2020	1 month	1-2 months	2-3 months	3+ months	Total
Loans and Receivables ⁽¹⁾	-	-	-	-	-
Corporate/Entrepreneurial Loans	113.706	33.814	71.938	258.085	477.543
Personal Credit	32.330	7.234	2.143	2.966	44.673
Total	146.036	41.048	74.081	261.051	522.216

⁽¹⁾ The Bank's loan amounting to TL 692.695 is under close monitoring, has no delay.

Breakdown of restructured receivables by allocation of provision

Out of the Group's total restructured loans amounting to TL 1.534.480, a portion of TL 1.491.922 consists of performing loans and remaining portion of TL 42.558 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TL 61.708 and the third stage expected loss provision for non-performing loans is TL 77.224. (31 December 2020: Out of the Group's total restructured loans amounting to TL 875.907, a portion of TL 862.868 consists of performing loans and remaining portion of TL 13.039 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is TL 136.408 and third stage expected loss provision amount allocated for non-performing loans is 38.364.

3.2) Credit risk mitigation

a) Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

In the collateralization transactions related to the lending processes of the Bank, the issues that may pose a risk from now on are taken into consideration. In the bank collateral policy, risks are now managed by taking into account all risks such as failure to seize the received collateral in time or not being able to convert it into cash, refusal or delay of payment by the guarantor, failure of credit documents whose legal validity has not been sufficiently investigated to achieve the desired legal result.

Transactions carried out by the Bank within the scope of market risk are not subject to collateral.

Financial collaterals are taken into consideration in credit risk mitigation in the Bank, and real estate mortgages are not considered as collateral as a rule. Mortgage-backed receivables are a separate risk class, and the financial collaterals used in the Bank consist of cash blockage, loan guarantee fund and assignment of arising public receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Credit risk mitigation techniques – Overview

Current Period 31.12.2021	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans ^(*)	52.412.531	4.780.715	3.720.274	3.009.663	2.536.877	-	-
Debt Securities ^(*)	10.228.317	-	-	-	-	-	-
Total	62.640.848	4.780.715	3.720.274	3.009.663	2.536.877	-	-
Of which defaulted ^(*)	1.570.109	-	-	-	-	-	-

^(*) Based on the BRSA's article on "Pandemic Measures Time Extension" dated 08.12.2020, the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date has been used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 9.206.674 Thousand TL in "Loans", 1.484.531 Thousand TL in "Borrowing Instruments" and 128.867 Thousand TL in the "Defaulted" category.

Period 31.12.2020	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	36.296.201	5.910.209	4.717.707	4.924.960	4.189.451	-	-
Debt Securities	6.895.629	-	-	-	-	-	-
Total	43.191.830	5.910.209	4.717.707	4.924.960	4.189.451	-	-
Of which defaulted	1.152.871	-	-	-	-	-	-

^(*) Based on the BRSA's article on "Pandemic Measures Time Extension" dated 08.12.2020, the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date has been used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 1.128.770 Thousand TL in "Loans", 58.371 Thousand TL in "Borrowing Instruments" and 28.187 Thousand TL in the "Defaulted" category.

3.3) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach

a) Qualitative explanations to be made about the rating grades used by banks when calculating credit risk with a standard approach

The Parent Bank uses the ratings given by the Fitch Ratings International Rating Agency in the risk classes of Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments, and Receivables from Administrative Units and Non-Commercial Enterprises. Receivables from Banks in the risk class, Fitch Ratings notes are used for Receivables from Resident Banks, and no rating agency notes are used for receivables from domestic resident Banks. While our country grade used for Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments and Receivables from Administrative Units and Non-Commercial Enterprises corresponds to 3 in the Credit Quality Level, the notes used in the Receivables from Banks and Intermediary Institutions risk class are from 1 to 6 matched with credit quality tiers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach

b) Standard Approach - Loan risk exposure and the effects of loan risk reduction technique

	Current Period 31.12.2021	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA amount	RWA density amount
	Risk Classes						
1	Exposures to sovereigns and their central banks	16.859.321	-	19.378.159	17.843	-	0%
2	Exposures to regional and local governments	-	-	18.039	388	9.214	50%
3	Exposures to administrative bodies and non-commercial entities	259.913	165.759	259.913	43.926	300.425	99%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	2.615.679	403.825	2.615.679	395.564	796.690	26%
7	Exposures to corporates	25.101.279	18.469.122	24.142.247	11.999.030	34.696.911	96%
8	Retail exposures	6.891.139	4.461.177	5.299.430	2.088.169	5.321.772	72%
9	Exposures secured by residential property	3.412.489	51.391	3.412.489	26.108	1.203.509	35%
10	Exposures secured by commercial property	2.620.264	685.693	2.620.264	366.110	1.493.187	50%
11	Past-due items	257.585	-	257.585	-	147.146	57%
12	Exposures in high-risk categories	77.691	51	77.691	26	116.575	150%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0%
16	Other exposures	1.755.444	-	1.250.969	-	682.142	55%
17	Equity share investments	-	-	-	-	-	0%
18	Total	59.850.804	24.237.018	59.332.464	14.937.164	44.767.571	60%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020		Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
Risk Classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	RWA amount	RWA density amount
1	Exposures to sovereigns and their central banks	8.707.427	-	12.870.880	23.363	-	0%
2	Exposures to regional and local governments	-	-	25.999	5.815	15.907	50%
3	Exposures to administrative bodies and non-commercial entities	264.828	5.784	264.828	2.858	266.044	99%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	5.024.106	62.368	5.024.106	44.399	1.025.480	20%
7	Exposures to corporates	16.970.986	12.490.186	15.275.823	8.613.143	23.153.759	97%
8	Retail exposures	5.076.333	2.581.421	2.582.045	1.244.087	2.746.074	72%
9	Exposures secured by residential property	2.624.630	47.664	2.624.630	25.720	927.622	35%
10	Exposures secured by commercial property	1.481.948	402.902	1.481.948	237.202	859.575	50%
11	Past-due items	258.567	-	258.567	-	174.139	67%
12	Exposures in high-risk categories	104.158	-	104.158	-	156.237	150%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0%
16	Other exposures	584.743	-	584.743	-	325.774	56%
17	Equity share investments	-	-	-	-	-	0%
18	Total	41.097.726	15.590.325	41.097.727	10.196.587	29.650.611	58%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Standard Approach: Receivables related with risk classes and risk weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage
Exposures to sovereigns and their central banks	19.396.002	-	-	-	-
Exposures to regional and local government	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	3.414	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	2.700.494	-	-
Exposures to corporates	547.254	-	727.310	-	-
Retail exposures	175.496	-	160.840	-	-
Exposures secured by residential property	-	-	-	3.438.597	-
Exposures secured by commercial property	-	-	-	-	2.986.373
Past-due items	222	-	35	-	-
Exposures in high-risk categories	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Equity share investments	-	-	-	-	-
Other exposures	568.826	-	-	-	-
Total	20.691.214	-	3.588.679	3.438.597	2.986.373

	50%(*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
	-	-	-	-	-	-	19.396.002
	18.427	-	-	-	-	-	18.427
	-	-	300.425	-	-	-	303.839
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	108.315	-	202.434	-	-	-	3.011.243
	630.527	-	34.236.187	-	-	-	36.141.278
	-	7.046.629	4.635	-	-	-	7.387.600
	-	-	-	-	-	-	3.438.597
	-	-	-	-	-	-	2.986.373
	220.378	-	36.950	-	-	-	257.585
	-	-	-	77.717	-	-	77.717
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	682.142	-	-	-	1.250.968
	977.647	7.046.629	35.462.773	77.717	-	-	74.269.629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage
Exposures to sovereigns and their central banks	12.894.243	-	-	-	-
Exposures to regional and local government	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	1.542	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	5.029.242	-	-
Exposures to corporates	152.069	-	395.853	-	-
Retail exposures	87.286	-	105.564	-	-
Exposures secured by residential property	-	-	-	2.650.350	-
Exposures secured by commercial property	-	-	-	-	1.719.150
Past-due items	112	-	72	-	-
Exposures in high-risk categories	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Equity share investments	-	-	-	-	-
Other exposures	259.071	-	-	-	-
Total	13.394.323	-	5.530.731	2.650.350	1.719.150

	50% ^(*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
	-	-	-	-	-	-	12.894.243
	31.814	-	-	-	-	-	31.814
	-	-	266.144	-	-	-	267.686
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	39.263	-	-	-	-	-	5.068.505
	532.912	-	22.808.132	-	-	-	23.888.966
	-	3.633.282	-	-	-	-	3.826.132
	-	-	-	-	-	-	2.650.350
	-	-	-	-	-	-	1.719.150
	168.517	-	89.866	-	-	-	258.567
	-	-	-	104.158	-	-	104.158
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	325.672	-	-	-	584.743
	772.506	3.633.282	23.489.814	104.158	-	-	51.294.314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

X. EXPLANATIONS ON RISK PROTECTION PROCEDURES

It is essential to limit the risk levels to limits compatible with the risk profile and risk tolerance in order to prevent the Bank from being affected by the adverse events that may occur while conducting its operations.

Risk limits are determined by taking the opinions and suggestions of the General Manager, Audit Committee and relevant Senior Managers and approved by the Board of Directors.

Risk limits; it has been determined in accordance with the risk levels, activities, size and complexity of its products and services that the Bank can take. Limits are regularly reviewed and monitored periodically, adapting to changes in market conditions, the Bank's strategy and risk appetite.

In addition, derivative transactions are carried out at the Bank and FX and TL liquidity risk is limited by the transactions performed.

1) Credit risk under IRB (Internal Rating Based) Approach

Within the scope of the footnotes and related explanations prepared in accordance with the "Communiqué on Public Disclosure by the Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 31 March 2016, it is given annually and quarterly. The following required tables are not presented as of 31 December 2020 as the standard approach is used in the calculation of the Bank's credit risk:

Qualitative information regarding IRB to be disclosed to the public

IRB - Credit risk amounts based on IRB and Portfolio and PoD (Probability of Default) range

IRB - Effect of credit derivatives used as CRM (Credit Risk Mitigation) technique on RWA (Risk Weighted Amounts)

Statement of changes in RWA under IRB approach

IRB - Retrospective testing of default probabilities in each risk class

IRB (Specialized loans and stock investments subject to basic risk weight approach)

XI. COUNTER PARTY CREDIT RISK EXPLANATIONS

a) Qualitative explanations on counter party credit risk

In an attempt to identify the counter party credit risk that the Parent Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

As part of the Parent Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

It is essential that the Parent Bank manages the counter party credit risk level in a manner that keeps it above the minimum limits specified in the legal regulations.

Parent Bank risk measurement system; it takes measures to operate in a reliable and integrity manner compatible with legal regulations, fields of activity and product types, and to maintain it accordingly. In this context, as a minimum, for counter party credit risk measurement and monitoring activities; calculation of counter party credit risk weighted asset amount and legal capital requirement, and monitoring of the Bank's compliance level with regard to allocated limits are carried out.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Evaluation of counterparty credit risk in accordance with the measurement methods

	Current Period 31.12.2021	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardised approach - CCR (for derivatives)	17.898	25.585		1,4	43.484	20.129
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.986.187	2.015
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						22.144

^(*) Effective expected positive exposure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Prior Period 31.12.2020	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardised approach - CCR (for derivatives)	215.028	44.736		1,4	259.764	56.140
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.235.531	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						56.140

(*) Effective expected positive exposure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Capital requirement for loan valuation adjustment

Current Period 31.12.2021		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	43.484	20.100
4	Total subject to the CVA capital charge	43.484	20.100

Prior Period 31.12.2020		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	259.764	74.875
4	Total subject to the CVA capital charge	259.764	74.875

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

d) Standardised approach - CCR exposures by risk class and risk weight

Risk weight/Regulatory portfolio (Current Period))	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	2.982.159	-	17.279	-	-	-	-	-	3.456
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	6.118	9.601	-	-	-	-	6.024
Exposures to corporates	-	-	-	4.030	-	10.153	-	-	12.169
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	330	-	495
Other exposures	-	-	-	-	-	-	-	-	-
Total ^(*)	2.982.159	-	23.397	13.631	-	10.153	330	-	22.144

^(*) Total credit risk: The amount related to the capital adequacy calculation after applying the counterparty credit risk measurement techniques.

Risk weight/Regulatory portfolio (Current Period))	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	2.235.531	-	195.301	-	-	-	-	-	39.060
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	53.111	10.132	-	-	-	-	15.688
Exposures to corporates	-	-	-	-	-	877	-	-	877
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	343	-	515
Other exposures	-	-	-	-	-	-	-	-	-
Total ^(*)	2.235.531	-	248.412	10.132	-	877	343	-	56.140

^(*) Total credit risk: The amount related to the capital adequacy calculation after applying the counterparty credit risk measurement techniques.

e) Risk classes and counterparty credit risk explanation

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

f) Collaterals for CCR

Current Period 31.12.2021	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	2.498.503	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securiities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	2.986.187
Total	-	-	-	-	2.498.503	2.986.187

Prior Period 31.12.2020	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	2.079.285	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securiities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	2.235.531
Total	-	-	-	-	2.079.285	2.235.531

g) Credit Derivatives

None.

h) Risk Weight changes under CCR on the Internal Modeling Management Methods

None.

i) Risks Related with Central Counterparties

None.

5. Explanations on Securitization Disclosure

The Bank does not have any securitization positions as of 31 December 2021. (31 December 2020: None).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

6. Explanations on Market Risk

a) Qualitative information about market risk to be disclosed to the public

Within the framework of BRSA's regulations, the Parent Bank ensures effective management of market risk and market concentration risk arising from market risk components, in accordance with the volume, nature and complexity of its activities, taking into account the best practices.

The Parent Bank ensures that measurement, monitoring, limitation, stress test and scenario analysis studies are carried out in accordance with the structure and complexity of its positions regarding market risk management and the results are reported. It is essential that new products and services are evaluated in terms of market risk.

In this context, as a minimum;

- Follow-up of the Parent Bank's accounts and positions subject to market risk and market developments affecting the value of these accounts and positions on a minimum daily basis,
- Amount calculations based on market risk to which the Bank is exposed within the framework of trading accounts,
- Analysis of the effects of up and down normal and extraordinary movements in the markets on the Bank's accounts and positions subject to market risk,
- Backtest analysis of internal models used for monitoring purposes in calculating the amount subject to market risk,
- Regarding market risk, risk limits are regularly calculated and followed up.

In the Parent Bank, the Board of Directors, Audit Committee and the General Manager fulfill their duties, powers and responsibilities within the scope of market risk management within the framework defined in the legislation. All Units, including the Units within the Scope of Internal Systems, fulfill their duties, powers and responsibilities within the scope of market risk management within the framework of the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process and their own Regulations.

In order to reveal the market risk that the Parent Bank may encounter, it is essential to carry out risk measurement and monitoring activities and to consider the results in the strategic decision-making process of the Bank.

Within the framework of these principles, at least the following analyzes are made for measurement and monitoring activities.

As a minimum within the scope of Market Risk:

- Standard Method: It is made in accordance with the Market Risk Reporting Set statements published by the BRSA.
- Value at Risk Analysis: Historical Simulation is performed using Parametric, Exponentially Weighted Moving Average (EWMA) or a different method deemed appropriate by the Bank.
- Internal Capital Requirement: Parameters determined by the BRSA and/or the Bank that may affect the financial strength of the Bank and the level of capital that will meet the risks the Bank is or may be exposed to, with stress tests and/or scenario analysis related to these parameters, a future perspective It is calculated using appropriate methods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Standard Approach

		Current Period 31.12.2021	Prior Period 31.12.2020
		RWA	RWA
Outright products			
1	Profit share rate risk (general and specific)	41.713	118.100
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	281.836	172.559
4	Commodity risk	19.774	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	343.323	290.659

Issued quarterly and semi-annually and annually within the scope of the footnotes prepared by the BRSA in accordance with the "Communiqué on the Public Disclosures on Risk Management by Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 and entered into force as of 31 March 2016. The required tables below are not presented as of 31 December 2020, as the standard approach is used in the Bank's market risk calculation:

Quantitative information to be disclosed to the public for banks using the internal model approach

Market risk RAT (Risk Weighted Amounts) change table according to the internal model approach

Internal model approach for trading account

Comparison of VaR (Value at Risk) estimates with profit/loss

7. Explanations on the Operational Risk

In the Parent Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Current Period 31.12.2021	31.12.2018	31.12.2019	31.12.2020	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	892.243	1.556.512	2.333.366	1.594.041	15	239.106
Amount Subject to Operational Risk	-	-	-	-	-	2.988.826
Prior Period 31.12.2020	31.12.2017	31.12.2018	31.12.2019	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	482.004	892.243	1.556.512	976.920	15	146.538
Amount Subject to Operational Risk	-	-	-	-	-	1.831.724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

XII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 "Turkish Accounting Standard about Operating Segments".

The Bank operates in retail, corporate/entrepreneurial banking, treasury/investment banking.

Table for Segment Reporting:

Current Period 1 January - 31 December 2021	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE					
Profit Shares Income	549.574	4.721.896	964.827	23.619	6.259.916
Profit Shares from Loans	549.574	4.721.896	-	-	5.271.470
Profit Shares from Banks	-	-	3.070	-	3.070
Profit Shares from Securities	-	-	801.333	-	801.333
Other Profit Shares	-	-	160.424	23.619	184.043
Profit Shares Expense	(1.142.017)	(2.034.310)	(1.534.579)	(34.471)	(4.745.377)
Profit Shares Expense on Participation Funds	(1.142.017)	(2.034.310)	(57.829)	-	(3.234.156)
Profit Shares Expense on Funds Borrowed	-	-	(296.481)	-	(296.481)
Profit Shares Expense on Money Market Transactions	-	-	(570.506)	-	(570.506)
Profit Shares Expense on Securities Issued	-	-	(609.763)	-	(609.763)
Other Profit Shares Expense	-	-	-	(34.471)	(34.471)
Net Profit Shares Income/Expense	(592.443)	2.687.586	(569.752)	(10.852)	1.514.539
Net Fees and Commission Income/Expense	32.988	156.942	-	(42.596)	147.334
Fees and Commissions Received	32.988	156.942	-	42.322	232.252
Fees and Commissions Paid	-	-	-	(84.918)	(84.918)
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	214.813	-	214.813
Other Operating Income	-	542.896	-	8.742	551.638
Provision for Expected Losses	(71.994)	(810.585)	-	(75.983)	(958.562)
Other Provision Expense	-	-	-	(30.041)	(30.041)
Personnel Expenses	-	-	-	(317.383)	(317.383)
Other Operating Expense	-	(10.045)	-	(382.122)	(392.167)
Net Operating Profit/Loss	(631.451)	2.012.834	(354.939)	(296.273)	730.171
Tax Provision	-	-	-	(171.482)	(171.482)
Net Profit/Loss	(631.451)	2.012.834	(354.939)	(467.755)	558.689
SEGMENT ASSETS					
Financial Assets at FV Through P/L Banks ^(*)	-	-	1.795.316	-	1.795.316
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	3.350.140	-	3.350.140
Loans ^(*)	5.402.018	60.821.448	176.454	-	66.399.920
Financial Assets Measured at Amortised Cost	-	-	1.327.957	-	1.327.957
Derivative Financial Assets	-	-	19.756	-	19.756
Partnership Investment	-	-	-	-	-
Other Assets ^(*)	-	-	-	17.032.979	17.032.979
Total Segment Assets	5.402.018	60.821.448	15.259.193	17.032.979	98.515.638
SEGMENT LIABILITIES					
Funds Collected	41.898.392	36.035.405	-	-	77.933.797
Derivative Financial Liabilities	-	-	71.692	-	71.692
Funds Borrowed	-	-	2.007.969	-	2.007.969
Money Market Funds	-	-	3.784.645	-	3.784.645
Securities Issued (Net)	-	-	4.360.022	-	4.156.876
Provisions	-	-	-	647.270	647.270
Other Liabilities	-	-	-	5.388.508	5.388.508
Shareholders' Equity	-	-	-	4.321.735	4.321.735
Total Segment Liabilities	41.898.392	36.035.405	10.224.328	10.357.513	98.515.638

^(*) Includes expected loss provisions.

^(**) Includes lease receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Table for Segment Reporting:

Prior Period 1 January - 31 December 2020	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE					
Profit Shares Income	381.619	3.136.478	656.569	16.679	4.191.345
Profit Shares from Loans	381.619	3.136.478	-	-	3.518.097
Profit Shares from Banks	-	-	23.995	-	23.995
Profit Shares from Securities	-	-	608.569	-	608.569
Other Profit Shares	-	-	24.005	16.679	40.684
Profit Shares Expense	(663.913)	(844.970)	(589.826)	(24.098)	(2.122.807)
Profit Shares Expense on Participation Funds	(663.913)	(844.970)	(14)	-	(1.508.897)
Profit Shares Expense on Funds Borrowed	-	-	(199.072)	-	(199.072)
Profit Shares Expense on Money Market Transactions	-	-	(63.603)	-	(63.603)
Profit Shares Expense on Securities Issued	-	-	(327.137)	-	(327.137)
Other Profit Shares Expense	-	-	-	(24.098)	(24.098)
Net Profit Shares Income/Expense	(282.294)	2.291.508	66.743	(7.419)	2.068.538
Net Fees and Commission Income/Expense	29.737	111.337	-	(48.533)	92.541
Fees and Commissions Received	29.737	111.337	-	63.574	204.648
Fees and Commissions Paid	-	-	-	(112.107)	(112.107)
Dividend Income	-	-	104	-	104
Trading Income/Loss (Net)	-	-	83.310	-	83.310
Other Operating Income	-	263.704	-	4.440	268.144
Provision for Expected Losses	(104.717)	(781.235)	-	(108.261)	(994.213)
Other Provision Expense	-	-	-	(173.855)	(173.855)
Personnel Expenses	-	-	-	(235.155)	(235.155)
Other Operating Expense	-	(4.959)	-	(311.973)	(316.932)
Net Operating Profit/Loss	(357.274)	1.880.355	150.157	(880.756)	792.482
Tax Provision	-	-	-	(153.920)	(153.920)
Net Profit/Loss	(357.274)	1.880.355	150.157	(1.034.676)	638.562
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	980.872	-	980.872
Banks ^(*)	-	-	4.799.686	-	4.799.686
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	5.145.732	-	5.145.732
Loans ^(**)	4.850.077	36.350.940	1.005.393	-	42.206.410
Financial Assets Measured at Amortised Cost	-	-	779.437	-	779.437
Derivative Financial Assets	-	-	28.253	-	28.253
Partnership Investment	-	-	-	-	-
Other Assets ^(*)	-	-	-	6.246.506	6.246.506
Total Segment Assets	4.850.077	36.350.940	12.739.373	6.246.506	60.186.896
SEGMENT LIABILITIES					
Funds Collected	18.467.116	27.918.934	-	-	46.386.050
Derivative Financial Liabilities	-	-	19.440	-	19.440
Funds Borrowed	-	-	1.426.614	-	1.426.614
Money Market Funds	-	-	2.101.073	-	2.101.073
Securities Issued (Net)	-	-	4.017.250	-	4.017.250
Provisions	-	-	-	409.244	409.244
Other Liabilities	-	-	-	2.092.952	2.092.952
Shareholders' Equity	-	-	-	3.734.273	3.734.273
Total Segment Liabilities	18.467.116	27.918.934	7.564.377	6.236.469	60.186.896

^(*) Includes expected loss provisions.^(**) Includes lease receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

XIII. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

a) Information regarding the fair value of Financial assets and liabilities:

Current Period 31.12.2021	Book Value	Fair Value
Financial Assets	81.402.484	79.469.675
Due from Interbank Money Market	-	-
Banks	3.350.141	3.350.153
Financial Assets Measured at Fair Value Through Other Comprehensive Income	8.589.570	8.589.570
Financial Assets Measured at Amortised Cost	1.327.957	1.475.438
Loans	68.134.816	66.054.514
Financial Liabilities	85.530.523	85.491.080
Bank Deposits	4.684.079	4.684.079
Other Deposits	73.249.819	73.249.819
Funds Borrowed from Other Financial Institutions	6.164.846	6.125.403
Issued Marketable Securities	-	-
Miscellaneous Payables	1.431.779	1.431.779
Prior Period 31.12.2020	Book Value	Fair Value
Financial Assets	54.084.573	53.131.349
Due from Interbank Money Market	-	-
Banks	4.799.768	4.799.735
Financial Assets Measured at Fair Value Through Other Comprehensive Income	5.145.732	5.145.732
Financial Assets Measured at Amortised Cost	779.437	921.034
Loans	43.359.636	42.264.848
Financial Liabilities	52.152.959	52.152.001
Bank Deposits	4.561.821	4.561.821
Other Deposits	41.824.329	41.824.329
Funds Borrowed from Other Financial Institutions	5.443.864	5.442.906
Issued Marketable Securities	-	-
Miscellaneous Payables	322.945	322.945

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Information on fair value measurements recognized in the financial statements:

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below.

Current Period 31.12.2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	-	1.795.316	-	1.795.316
Government Debt Securities		1.795.316	-	1.795.316
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.579.158	-	10.412	8.589.570
Marketable Securities	-	-	10.412	10.412
Government Debt Securities	7.920.917	-	-	7.920.917
Other Marketable Securities	658.241	-	-	658.241
Derivative Financial Assets	-	19.756	-	19.756
Total Assets	8.579.158	1.815.072	10.412	10.404.642
Derivative Financial Liabilities	-	71.692	-	71.692
Total Liabilities	-	71.692	-	71.692

Prior Period 31.12.2020	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	-	980.872	-	980.872
Government Debt Securities	-	980.872	-	980.872
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.135.320	-	10.412	5.145.732
Marketable Securities	-	-	10.412	10.412
Government Debt Securities	4.655.109	-	-	4.655.109
Other Marketable Securities	480.211	-	-	480.211
Derivative Financial Assets	-	28.253	-	28.253
Total Assets	5.135.320	1.009.125	10.412	6.154.857
Derivative Financial Liabilities	-	19.440	-	19.440
Total Liabilities	-	19.440	-	19.440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

XIV. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

The Bank does not provide trading, custody and fund management services on behalf and account of its customers. The bank does not make faith-based transaction contracts.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

1. a) Information on cash and balances with Central Bank of the Republic of Turkey

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Cash/Foreign Currency	55.164	478.398	34.139	185.722
Central Bank of the Republic of Turkey ^(*)	3.011.049	11.477.192	375.440	4.821.782
Other	-	268.888	-	60.037
Total	3.066.213	12.224.478	409.579	5.067.541

^(*) According to the letter of BRSA dated 3 January 2008, it includes the average TL required reserve balance.

1. a.1) Information on Required Reserves

According to the CBRT's "Communiqué No 2013/15 on Required Reserves", the Parent Bank maintains required reserves at the CBRT for its Turkish 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 31 December 2021, the applicable rates for required reserves established at the CBRT are between 3% and 8% for Turkish currency deposits and other liabilities (31 December 2020: 1% to 6%); It is between 5% and 26% for foreign currency deposits and other liabilities (31 December 2020: 5% to 22%).

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 15/4/2022 It has been decided not to apply an annual commission of 1,5% to the banks that have reached the 10% level and the 20% level as of the 8/7/2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022.

b) Information on the account of the Central Bank of the Republic of Turkey

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3.011.049	11.477.192	375.440	4.821.782
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	3.011.049	11.477.192	375.440	4.821.782

^(*) Required reserves in TL, FC and Gold established in accordance with the "Communiqué on Reserves" are included in the amounts in the table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Information on banks and other financial institutions

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Banks				
Domestic Banks	9.647	1.750.708	12.394	3.688.774
Foreign Banks	-	1.589.785	-	1.098.600
Foreign Head Office and Branches	-	-	-	-
Total	9.647	3.340.493	12.394	4.787.374

3. Financial assets at fair value through profit or loss

	Current Period 31.12.2021	Prior Period 31.12.2020
Financial Assets at Fair Value Through Profit/Loss	1.787.541	808.723
Other Dividends and Income Rediscunts	7.775	187.229
Provision for Impairment (-)	-	(15.080)
Total	1.795.316	980.872

4. a) Explanation regarding the comparison of net values of financial assets through other comprehensive income available-for-sale given or blocked as collateral and subject to repurchase agreements

	Current Period 31.12.2021	Prior Period 31.12.2020
Assets Subject to Repurchase Agreements	2.520.412	2.145.367
Assets Blocked/Given as Collateral	432.735	147.536
Total ^(*)	2.953.147	2.292.903

^(*) Accruals and provisions for impairment are not included.

b) Information on financial assets at fair value through other comprehensive income

	Current Period 31.12.2021	Prior Period 31.12.2020
Debt Securities	8.700.787	5.282.808
Quoted in Stock Exchange	8.700.787	5.282.808
Not Quoted in Stock Exchange	-	-
Share Certificates	10.412	10.412
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange ^(*)	10.412	10.412
Provision for Impairment (-) ^(**)	121.629	147.488
Total	8.589.570	5.145.732

^(*) The mentioned amounts consist of the Credit Guarantee Fund amounting to TL 2.753 and TL 7.659 paid by the Bank to JCR Avrasya Rating A.Ş. Guarantee Fund, 2.753 JCR Avrasya Rating A.Ş).

^(**) Includes negative differences between the acquisition costs of financial assets and market prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Information on derivative financial assets

a) Information on derivative assets at fair value through profit or loss

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Forward Transactions	12.764	2.138	889	-
Swap Transactions	-	4.854	27.355	9
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	12.764	6.992	28.244	9

6. Information related to loans

a) Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	1.646	-	540	-
Corporate Shareholders	1.646	-	540	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	12.097	-	5.804	-
Total ^(*)	13.743	-	6.344	-

(*) Includes rediscount amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Information on the first and second group loans and other receivables including restructured loans

Current Period 31.12.2021

	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Restructured	
Cash Loans			Loans with revised contract terms	Refinancing
Loans ^(*)	53.768.738	726.044	146.424	1.070.927
Export Loans	6.068.843	1.725	-	-
Import Loans	133.565	-	-	-
Commercial Loans	38.789.834	666.068	146.424	1.070.927
Consumer Loans	5.250.103	48.224	-	-
Credit Cards	27.404	168	-	-
Loans Given to Financial Sector	176.454	-	-	-
Other ^(**)	3.322.535	9.859	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	1.082.699	52.153	22	42.569
Total	54.851.437	778.197	146.446	1.113.496

Prior Period 31.12.2020

	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Restructured	
Cash Loans			Loans with revised contract terms	Refinancing
Loans	35.213.881	486.490	7.816	661.077
Export Loans	2.814.464	4.080	-	-
Import Loans	63.885	-	-	-
Commercial Loans	24.477.947	406.370	7.816	661.077
Consumer Loans	4.810.580	7.259	-	-
Credit Cards	4.591	10	-	-
Loans Given to Financial Sector	960.141	-	-	-
Other	2.082.273	68.771	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	613.567	16.823	-	42.705
Total	35.827.448	503.313	7.816	703.782

^(*) Related amounts do not include financial lease receivables.

^(**) As of 31 December 2021, TL 39.633 (31 December 2020: TL 33.033) of the related balance consists of funds provided by the musharakah partnership financing method. As of 31 December 2021, the Bank has accounted for these fixed musharakah financing loans, which it carries in its statement of financial position, at historical cost in accordance with Interest-Free Finance Accounting Standard 4: Musharakah Financing "FFMS 4" Article 2/3/1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Expected Credit Loss of Stage 1 and Stage 2	Current Period 31.12.2021		Prior Period 31.12.2020	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	228.215	-	128.318	-
Significant Increase in Credit Risk	-	168.969	-	236.065

No. of extensions	Current Period 31.12.2021		Prior Period 31.12.2020	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
1 or 2 Times Extended	294.941	1.217.351	193.975	668.893
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	294.941	1.217.351	193.975	668.893

Extension Periods	Current Period 31.12.2021		Prior Period 31.12.2020	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
0 - 6 Months	31	28.422	-	24.485
6 Months - 12 Months	7.784	11.784	109.355	241.825
1 - 2 Years	173.766	591.041	33.198	153.176
2 - 5 Years	101.508	558.319	1.229	2.369
5 Years and Over	11.852	27.785	50.193	247.038
Total	294.941	1.217.351	193.975	668.893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Loans According to maturity structure

Current Period 31.12.2021

	Standard Loans and Other Receivables	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured
Short-term Loans	12.976.249	355.450	8.987
Medium and Long-term Loans	40.792.489	370.594	1.208.364
Total	53.768.738	726.044	1.217.351

Prior Period 31.12.2020

	Standard Loans and Other Receivables	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured
Short-term Loans	7.513.548	300.792	12.567
Medium and Long-term Loans	27.700.333	185.698	656.326
Total	35.213.881	486.490	668.893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

Current Period 31.12.2021	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	12.812	5.275.390	5.288.202
Housing Loans	2.438	4.908.801	4.911.239
Vehicle Loans	2.146	142.921	145.067
Consumer Loans	8.228	223.668	231.896
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	25.620	44	25.664
With Installment	7.247	35	7.282
Without Installment	18.373	9	18.382
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	157	9.968	10.125
Housing Loans	-	2.698	2.698
Vehicle Loans	-	128	128
Consumer Loans	157	7.142	7.299
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1.901	7	1.908
With Installment	353	1	354
Without Installment	1.548	6	1.554
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	40.490	5.285.409	5.325.899

(*) Dividend accrual amounting to TL 76.119 is not included in the table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	32.041	4.780.664	4.812.705
Housing Loans	2.229	4.474.142	4.476.371
Vehicle Loans	1.093	171.567	172.660
Consumer Loans	28.719	134.955	163.674
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	3.934	4	3.938
With Installment	1.180	4	1.184
Without Installment	2.754	-	2.754
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	61	5.073	5.134
Housing Loans	-	-	-
Vehicle Loans	-	89	89
Consumer Loans	61	4.984	5.045
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	655	8	663
With Installment	112	7	119
Without Installment	543	1	544
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	36.691	4.785.749	4.822.440

(*) Dividend accrual amounting to TL 47.414 is not included in the table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

e) Information on installment commercial loans and corporate credit cards

Current Period 31.12.2021	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	122.846	829.455	952.301
Business Loans	-	35.282	35.282
Vehicle Loans	122.846	794.173	917.019
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	20	20
Business Loans	-	-	-
Vehicle Loans	-	20	20
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	44.336	44.336
With Installment	-	-	-
Without Installment	-	44.336	44.336
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	122.846	873.811	996.657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	120.795	531.124	651.919
Business Loans	-	41.214	41.214
Vehicle Loans	107.336	489.910	597.246
Consumer Loans	13.459	-	13.459
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	2.943	2.943
Business Loans	-	-	-
Vehicle Loans	-	2.943	2.943
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	23.550	23.550
With Installment	-	-	-
Without Installment	-	23.550	23.550
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	120.795	557.617	678.412

f) Loans according to types of borrower:

	Current Period 31.12.2021	Prior Period 31.12.2020
Public	1.858.537	461.569
Private	53.853.596	35.907.695
Profit Share Income Accruals and Rediscounts	1.177.443	673.095
Total *	56.889.576	37.042.359

(*) Financial lease receivables and non-performing loans are not included.

g) Breakdown of domestic and international loans

	Current Period 31.12.2021	Prior Period 31.12.2020
Domestic Loans	54.953.912	36.256.108
Foreign Loans	758.221	113.156
Profit Share Income Accruals and Rediscounts	1.177.443	673.095
Total (*)	56.889.576	37.042.359

(*) Financial lease receivables and non-performing loans are not included.

Ziraat Katılım Bankası A.Ş.**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

h) Loans granted to subsidiaries and participations

As of 31 December 2021, the Bank has no loans granted to subsidiaries and participations (31 December 2020: None).

i) Provision for default (Stage 3/Specific Provision)

	Current Period 31.12.2021	Prior Period 31.12.2020
Loans and receivables with limited collectability	16.240	83.330
Loans and receivables with doubtful collectability	252.060	89.754
Uncollectible loans and other receivables	1.069.412	615.759
Total	1.337.712	788.843

j) Information on lease receivables**j.1) Analysis of investments made in financial leasing by remaining maturity**

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Gross	Net	Gross	Net
Less than 1 year	449.965	431.939	229.444	218.891
1-5 year	8.174.378	7.132.872	4.431.155	3.904.522
More than 5 years	2.363.504	1.981.453	1.262.735	1.012.806
Total	10.987.847	9.546.264	5.923.334	5.136.219

j.2) Information on Net Investments Made in Financial Leasing

	Current Period 31.12.2021	Prior Period 31.12.2020
Gross Lease Receivable	10.987.847	5.923.334
Financial Income Unearned From Financial Leasing (-)	(1.441.583)	(787.115)
Canceled Rental Amounts	-	-
Total	9.546.264	5.136.219

k) Information on non-performing receivables (net)**k.1) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled**

As of 31 December 2021, the sum of the Bank's non-performing loans restructured or rescheduled for a new redemption plan and other receivables is 126.321 TL (31 December 2020: 13.039).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

k.2) Information on the movement of total non-performing loans

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period 31.12.2021			
Ending balance of prior period	203.447	172.400	805.211
Additions in the current period (+)	566.363	73.959	290.792
Transfers from other categories of non-performing loans (+)	-	483.623	320.417
Transfers to other categories of non-performing loans (-)	483.623	320.417	-
Collections in the current period (-)	244.720	18.369	150.107
Write offs (-) ^(*)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	41.467	391.196	1.266.313
Expected Loss Provision (Stage 3) (-)	16.240	252.060	1.069.412
Net balance on balance sheet	25.227	139.136	196.901

^(*) Includes transfers to first and second group loans amounting to TL 42.558.

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Prior Period 31.12.2020			
Ending balance of prior period	155.555	195.532	324.195
Additions in the current period (+)	454.803	230.798	240.742
Transfers from other categories of non-performing loans (+)	-	392.746	503.145
Transfers to other categories of non-performing loans (-)	392.746	503.145	-
Collections in the current period (-)	14.165	143.531	161.825
Write offs (-) ^(*)	-	-	101.046
Corporate and commercial loans	-	-	101.046
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	203.447	172.400	805.211
Expected Loss Provision (Stage 3) (-)	83.330	89.754	615.759
Net balance on balance sheet	120.117	82.646	189.452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

k.3) Information on foreign currency non-performing loans:

	Group III	Group IV	Group V
	Allocated for Loans with Limited Collection	Allocated for Doubtful Loans	Allocated for Loss Loans
Current Period			
31.12.2021			
Current Period (*)			
Ending Balance	-	14.502	415.568
Provision for Expected Loss (Stage 3) (-)	-	8.142	358.580
Net Balance in the Balance Sheet	-	6.360	56.988
Prior Period			
31.12.2020			
Current Period (*)			
Ending Balance	14.935	57.475	221.893
Provision for Expected Loss (Stage 3) (-)	4.056	32.515	167.226
Net Balance in the Balance Sheet	10.879	24.960	54.667

l) Gross and net amounts of non-performing receivables according to user groups

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	25.227	139.136	196.901
Loans to Real Persons and Legal Entities (Gross)	41.467	391.196	1.266.313
Specific Provisions (-)	16.240	252.060	1.069.412
Loans to Real Persons and Legal Entities (Net)	25.227	139.136	196.901
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	120.117	82.646	189.452
Loans to Real Persons and Legal Entities (Gross)	203.447	172.400	805.211
Specific Provisions (-)	83.330	89.754	615.759
Loans to Real Persons and Legal Entities (Net)	120.117	82.646	189.452
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information on accruals, valuation differences and related provisions calculated for non performing loans for Banks which are providing expected credit loss according to TFRS 9:

Current Period 31.12.2021	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Profit Share Accrual and Valuation Differences			
Provision	2.009	26.474	192.499
Provision Amount (-)	822	15.514	160.127
Prior Period 31.12.2020	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Profit Share Accrual and Valuation Differences			
Provision	9.402	17.192	74.182
Provision Amount (-)	3.994	8.714	60.296

Provision changes according to TFRS 9

	Current Period 31.12.2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at the Beginning of the Period	128.318	236.065	788.843	1.153.226
Addition	140.975	107.509	541.460	789.944
Disposals (-)	(33.896)	(87.199)	(87.179)	(208.274)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	548	(539)	(9)	-
Transfer to Stage 2	(6.923)	7.084	(161)	-
Transfer to Stage 3	(807)	(93.951)	94.758	-
Balance at the Closing of the Period	228.215	168.969	1.337.712	1.734.896

	Prior Period 31.12.2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at the Beginning of the Period	49.467	56.606	467.773	573.846
Addition	85.387	216.872	417.298	719.557
Disposals (-)	(11.713)	(19.694)	(7.725)	(39.132)
Sold (-)	-	-	(101.045)	(101.045)
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	6.103	(6.103)	-	-
Transfer to Stage 2	(915)	5.937	(5.022)	-
Transfer to Stage 3	(11)	(17.553)	17.564	-
Balance at the Closing of the Period	128.318	236.065	788.843	1.153.226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period 31.12.2021			Total
	Stage 1	Stage 2	Stage 3	
Balance at the Beginning of the Period	40.426.874	1.751.704	1.181.058	43.359.636
Addition	33.320.802	351.643	388.703	34.061.148
Disposals (-)	(8.813.386)	(78.268)	(245.152)	(9.136.806)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	159.267	(155.657)	(3.610)	-
Transfer to Stage 2	(878.056)	893.328	(15.272)	-
Transfer to Stage 3	(77.269)	(465.142)	542.411	-
Balance at the Closing of the Period	64.138.232	2.297.608	1.698.976	68.134.816

(7) Includes 9.286.795 TL in the first stage and 259.469 TL in the second stage.

Cash loan changes according to TFRS 9

	Prior Period 31.12.2020			Total
	Stage 1	Stage 2	Stage 3	
Balance at the Beginning of the Period	26.765.484	2.124.264	675.282	29.565.030
Addition	22.861.738	239.857	302.932	23.404.527
Disposals (-)	(9.131.240)	(257.645)	(119.991)	(9.508.876)
Sold (-)	-	-	(101.045)	(101.045)
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	366.194	(366.194)	-	-
Transfer to Stage 2	(430.123)	445.945	(15.822)	-
Transfer to Stage 3	(5.179)	(434.523)	439.702	-
Balance at the Closing of the Period	40.426.874	1.751.704	1.181.058	43.359.636

(7) Includes 4.599.426 TL in the first stage and 536.793 TL in the second stage.

m) Information on liquidating policy of uncollectible loans and other receivables

Execution proceedings are carried out for the collection of receivables from loan services of Bank. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures.

n) Explanations on write-off policy

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Financial assets at amortized cost

a) Information on government debt securities measured at amortized cost

	Current Period 31.12.2021	Prior Period 31.12.2020
Debt Securities	1.327.957	779.437
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	-	-
Provision of Impairment (-)	-	-
Total	1.327.957	779.437

b) Information on financial assets valued at amortized cost

None (31 December 2020: None)

c) Information on government debt securities measured at amortized cost

As of 31 December 2021, the Group's government debt securities measured at amortized cost is 1.327.957 TL (31 December 2020: 779,437).

	Current Period 31.12.2021	Prior Period 31.12.2020
Balances at Beginning of Period	779.437	547.750
Foreign Currency Differences on Monetary Assets	396.879	191.227
Purchases during the Period ^(*)	151.641	40.460
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
Balances at End of Period	1.327.957	779.437

^(*) Rediscounts are shown in "Purchases during the Period" line.

8. Information on assets related to trading investments and discontinued operations

As of 31 December 2021, the Group's assets held for sale are TL 307.881 (31 December 2020: TL 75.240).

	Current Period 31.12.2021	Prior Period 31.12.2020
Beginning Balance (Net)	75.240	104.069
Changes During the Period (Net)	232.641	(28.829)
Amount of depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net) ^(*)	307.881	75.240

^(*) The Group has fiduciary rights over TL 247.112 (31 December 2020: TL 57.817) of assets held for sale.

As of 31 December 2021, the Bank has no discontinued operations (31 December 2020: None).

Ziraat Katılım Bankası A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

9. Equity Investments

a) Information about investments in associates (net)

None (31 December 2020: None).

b) Information on subsidiaries (net)

b.1) Information on unconsolidated subsidiaries

	Name	Address (City/Country)	Bank's share percentage - if different voting percentage (%)	Risk share percentage of other shareholders (%)
1	Ziraat Katılım Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100	100
2	ZKB Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100	100

	Total Assets	Shareholders Equity	Total Fixed Assets	Dividend or profit share income	Income from marketable securities	Current Period Income/ Loss	Prior Period Income/ Loss	Fair Value	Needed Shareholders Equity
1 ^(*)	4.157.332	343	-	609.763	-	176	95	-	-
2 ^(*)	203.297	87	-	3.267	-	3	22	-	-

(*) Independently audited financial statements of 31 December 2021 are used.

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance at the beginning of the year	250	134
Movements during the year	-	-
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	180	117
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Revaluation/Impairment (-)	-	-
Balance at the end of the year	430	250
Capital commitments	-	-
Share percentage at the end of the year (%)	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b.2) Sectoral information on unconsolidated subsidiaries and the related carrying amounts

	Current Period 31.12.2021	Prior Period 31.12.2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	100	100

b.3) Subsidiaries that are quoted on the stock exchange

None (31 December 2020: None).

c) Information on entities under common control (joint ventures)

None (31 December 2020: None).

10. Explanations on property and equipment

	Immovables	Right of Use Immovables	Movable	Right of Use Movable	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End:							
Cost	-	145.703	89.051	20.924	52.052	-	307.730
Accumulated Depreciation (-)	-	44.250	47.532	7.293	30.691	-	129.766
Net Book Value	-	101.453	41.519	13.631	21.361	-	177.964
Current Period End:							
Net Book Value at the Beginning of the Period	-	101.453	41.519	13.631	21.361	-	177.964
Change During the Period (Net)	-	50.597	50.583	10.145	12.630	-	123.955
Cost	-	76.318	56.162	14.006	20.560	-	167.046
Amortization (Net) (-)	-	25.721	5.579	3.861	7.930	-	43.091
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	222.021	145.213	34.930	72.612	-	474.776
Accumulated Depreciation at Period End (-)	-	69.971	53.111	11.154	38.621	-	172.857
Provisions for losses	-	-	-	-	-	-	-
Closing Net Book Value	-	152.050	92.102	23.776	33.991	-	301.919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

For the impairment, which are either recorded or canceled in the current period and each or some of them are not important for the whole of the financial statements, the sum of the impairment amounts that are separated or canceled by the related asset groups and the events and conditions that cause them: None.

Pledges, mortgages and other restrictions on tangible assets, amount of expenses made during construction for tangible assets, commitments made for purchase of tangible assets: None.

11. Information on intangible assets

	Current Period 31.12.2021			Prior Period 31.12.2020		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	280.415	56.576	223.839	198.433	37.176	161.257
Total	280.415	56.576	223.839	198.433	37.176	161.257

- In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- The method in which intangible assets acquired under government incentives and recorded with fair value at initial recognition are valued after the first registration date: None.
- Book value of intangible assets with restrictions on use or pledged: None.
- Amount of commitments given for acquisition of intangible asset: None.
- Intangible assets based on revalued asset type: None.
- Total amount of research and development expenses recorded in the period, if any: None.
- Positive or negative consolidation goodwill that are originated from partnerships which their financial statements are consolidated: Not applied to the financial statements with consolidation.
- Information on goodwill: None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

12. Information on the investment properties:

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

13. Information on the current period assets related to tax:

As at 31 December the Group's deferred tax liabilities of TL 183.007 (31 December 2020: TL 68.859) and deferred tax assets of TL 484.336 (31 December 2020 TL 177.456) have been offset and TL 301.329 deferred tax asset (31 December 2020: TL 108.597 deferred tax asset) is reflected in the financial statements.

	Current Period 31.12.2021	Prior Period 31.12.2020
Deferred Tax Assets	484.336	177.456
Deferred Tax Liabilities	183.007	68.859
Net Deferred Tax Assets	301.329	108.597
Net Deferred Tax Income	202.259	47.615
	Current Period 31.12.2021	Prior Period 31.12.2020
Reserve for Employee Benefits	13.165	11.347
Short-term Employee Benefits	47.721	38.273
Financial Assets Valuation Differences	57.375	28.650
Other	183.068	30.327
Net Deferred Tax Asset	301.329	108.597

14. Information on other assets:

As of 31 December 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. a) Information on funds collected

a.1) Information on maturity structure of funds collected

Current Period 31.12.2020	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 Year	1 Year and over	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TL	1.080.407	-	-	-	-	-	-	-	1.080.407
II. Real persons participation accounts non-trade TL	-	689.629	6.452.687	129.875	85.879	1.828	305.761	-	7.665.659
III. Other current accounts-TL	6.128.513	-	-	-	-	-	-	-	6.128.513
Public sector	167.917	-	-	-	-	-	-	-	167.917
Commercial sector	1.749.291	-	-	-	-	-	-	-	1.749.291
Other institutions	76.861	-	-	-	-	-	-	-	76.861
Commercial and other institutions	517	-	-	-	-	-	-	-	517
Banks and participation banks	4.133.927	-	-	-	-	-	-	-	4.133.927
Central Bank of Republic of Turkey	117	-	-	-	-	-	-	-	117
Domestic banks	774	-	-	-	-	-	-	-	774
Foreign banks	4.133.014	-	-	-	-	-	-	-	4.133.014
Participation banks	22	-	-	-	-	-	-	-	22
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	2.898.139	10.399.835	918.222	318.592	280.004	25.512	-	14.840.304
Public sector	-	816.825	1.110.069	124.235	41.131	78.548	-	-	2.170.808
Commercial sector	-	2.068.417	7.387.720	724.434	255.743	201.456	22.075	-	10.659.845
Other institutions	-	12.897	1.379.432	69.553	21.718	-	3.437	-	1.487.037
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	522.614	-	-	-	-	-	522.614
V. Real persons current accounts non-trade FC	3.803.345	-	-	-	-	-	-	-	3.803.345
VI. Real persons participation accounts-FC	-	591.893	9.616.802	184.883	-	280.987	2.053.298	-	12.727.863
VII. Other current accounts-FC	8.580.782	-	-	-	-	-	-	-	8.580.782
Commercial residents in Turkey	8.406.586	-	-	-	-	-	-	-	8.406.586
Commercial residents in Abroad	159.312	-	-	-	-	-	-	-	159.312
Banks and participation banks	14.884	-	-	-	-	-	-	-	14.884
Central Bank of Republic of Turkey	6.090	-	-	-	-	-	-	-	6.090
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	8.794	-	-	-	-	-	-	-	8.794
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	466.502	9.830.320	231.336	80.902	1.129	7.741.954	-	18.352.143
Public sector	-	-	1.352	-	-	-	-	-	1.352
Commercial sector	-	464.496	9.723.205	231.262	80.902	1.129	7.739.071	-	18.240.065
Other institutions	-	2.006	34.110	74	-	-	2.883	-	39.073
Commercial and other institutions	-	-	71.653	-	-	-	-	-	71.653
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	2.012.422	-	2.642.744	11.673	38.902	-	49.040	-	4.754.781
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	21.605.469	4.646.163	38.942.388	1.475.989	524.275	563.948	10.175.565	-	77.933.797

(*) As of 31 December 2021, it includes 107.752 TL of CBRT Currency Protected Participation Account and 969.122 TL of Treasury Currency Protected Participation Account products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Demand	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 9 Months	Up to 1 Year	1 Year and over	Accumulated Participation Account	Total
I. Real persons current accounts non-trade									
TL	547.690	-	-	-	-	-	-	-	547.690
II. Real persons participation accounts non-trade TL	-	460.869	4.921.147	47.420	-	57.942	306.722	-	5.794.100
III. Other current accounts-TL	5.992.402	-	-	-	-	-	-	-	5.992.402
Public sector	173.231	-	-	-	-	-	-	-	173.231
Commercial sector	1.219.708	-	-	-	-	-	-	-	1.219.708
Other institutions	47.949	-	-	-	-	-	-	-	47.949
Commercial and other institutions	633	-	-	-	-	-	-	-	633
Banks and participation banks	4.550.881	-	-	-	-	-	-	-	4.550.881
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	6	-	-	-	-	-	-	-	6
Foreign banks	4.550.867	-	-	-	-	-	-	-	4.550.867
Participation banks	8	-	-	-	-	-	-	-	8
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	1.700.665	10.174.612	94.150	-	220.688	378.157	-	12.568.272
Public sector	-	620.289	899.416	41.069	-	106.655	-	-	1.667.429
Commercial sector	-	1.053.627	8.465.785	49.958	-	114.030	378.068	-	10.061.468
Other institutions	-	26.749	795.695	3.123	-	3	89	-	825.659
Commercial and other institutions	-	-	6.782	-	-	-	-	-	6.782
Banks and participation banks	-	-	6.934	-	-	-	-	-	6.934
V. Real persons current accounts-FC	1.495.884	-	-	-	-	-	-	-	1.495.884
VI. Real persons participation accounts non-trade FC	-	493.578	5.322.190	73.336	-	143.786	1.285.468	-	7.318.358
VII. Other current accounts non-trade FC	2.638.698	-	-	-	-	-	-	-	2.638.698
Commercial residents in Turkey	2.571.320	-	-	-	-	-	-	-	2.571.320
Commercial residents in Abroad	63.298	-	-	-	-	-	-	-	63.298
Banks and participation banks	4.080	-	-	-	-	-	-	-	4.080
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	4.080	-	-	-	-	-	-	-	4.080
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	309.325	5.963.344	35.670	-	47.954	592.942	-	6.949.235
Public sector	-	-	2.009	-	-	-	-	-	2.009
Commercial sector	-	309.230	5.941.971	35.551	-	47.954	592.942	-	6.927.648
Other institutions	-	95	8.475	119	-	-	-	-	8.689
Commercial and other institutions	-	-	10.889	-	-	-	-	-	10.889
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	1.325.471	-	1.651.045	44.328	-	19.203	41.364	-	3.081.411
X. Participation accounts special funds	-	-	-	-	-	-	-	-	-
- TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds	-	-	-	-	-	-	-	-	-
- FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	12.000.145	2.964.437	28.032.338	294.904	-	489.573	2.604.653	-	46.386.050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

a.2) Exceeding amounts of insurance limit

i. Information's on current and participation accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund

	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period 31.12.2021	Prior Period 31.12.2020	Current Period 31.12.2021	Prior Period 31.12.2020
Real persons current and profit sharing accounts that are not subject to commercial activities	7.959.088	6.262.307	21.375.856	11.597.180
TL accounts	4.068.648	3.102.912	4.677.418	3.238.877
FC accounts	3.890.440	3.159.395	16.698.438	8.358.303
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

ii. Amounts which are not within the scope of insurance

Participation fund of the real persons who are not within the scope of Saving Deposits Insurance Fund

	Current Period 31.12.2021	Prior Period 31.12.2020
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	142	672
Profit sharing account and other accounts within the scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No: 5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

2. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	319.918	1.540.520	380.086	1.012.839
From Foreign Banks, Institutions and Funds	-	147.531	-	33.689
Total	319.918	1.688.051	380.086	1.046.528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Information on maturity structure of borrowings

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Short-term	106.026	801.105	104.520	750.707
Medium and Long-term	213.892	886.946	275.566	295.821
Total	319.918	1.688.051	380.086	1.046.528

c) Concentrations of the Bank's major liabilities, funder customer, segments or other criteria which are seen risk concentrations

79% of Bank's liabilities consists of current and participation account.

3. Information on funds obtained from money market transactions

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Domestic	3.784.645	-	2.101.073	-
Financial Institutions	3.784.645	-	2.101.073	-
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	3.784.645	-	2.101.073	-

4. Information on securities issued

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Bond	-	-	-	-
Asset Backed Securities	4.360.022	-	4.017.250	-
Bill	-	-	-	-
Total	4.360.022	-	4.017.250	-

5. Information on financial liabilities at fair value through profit and loss

None (31 December 2020: None).

6. Information on derivative financial liabilities

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Forward transactions	-	-	-	19.213
Swap transactions	70.653	1.039	-	227
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	70.653	1.039	-	19.440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Information on financial lease obligations

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Gross	Net	Gross	Net
Less than 1 year	63.632	36.170	73.018	42.158
Between 1-5 years	84.602	64.630	126.116	78.453
More than 5 years	180.579	93.663	9.770	7.023
Total	328.813	194.463	208.904	127.634

8. Information on provisions

a) Information on provisions related with foreign currency difference of foreign currency indexed loans and lease receivables

There is no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2020: None).

b) Information on special provisions related with uncompensated and non- liquidated non-cash loans

The expected credit loss provision for non-compensated and non-cash loans is TL 29.168 (31 December 2020: TL 26.708).

c) Information on other provisions

c.1) Information on free provisions for possible risks

As of 31 December 2021, the amount of free provision for possible risks, all of which has been set aside in previous years is TL 20.000, and TL 25.000 has been canceled in the current year (31 December 2020: TL 45.000).

c.2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount

As of 31 December 2021 TL 428.989 (31 December 2020: TL 206.087) of other provisions was allocated from the profits to be distributed to participation accounts, TL 1.612 (31 December 2020: TL 147) of the provisions for foreign currency purchases and sales transactions, 226 The portion amounting to TL (31 December 2020: None) consists of the provision for promotional practices regarding credit cards and banking services.

c.3) Information on litigation provisions

A provision of TL 55.135 has been set aside in the financial statements for lawsuits that have not yet been finalized against the bank (31 December 2020: TL 36.613).

d) Information on provisions for employee benefits

d.1) Employment termination benefits and unused vacation rights

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service, excluding resignation or misconduct, whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire. As of the date of 31 December 2021, the amount payable consists of one month's salary limited to a maximum of TL 8.285 (full TL) (31 December 2020: TL 7.117 (full TL)) for each year of service.

The Bank uses actuarial method in the calculation and recognition of severance pay with in the standard of TAS 19 – "Turkish Accounting Standard on Employee Benefits".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The Bank used its own parameters in the calculation of the total liabilities which were calculated with the actuary assumptions.

	Current Period 31.12.2021	Prior Period 31.12.2020
Discount Rate (%)	19,10%	12,80%
Inflation (%)	15,80%	10,10%

Movements in the reserve for employment termination benefits during period are as follows:

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance at the 1 January	18.984	8.662
Total Provisions During the Period	8.179	16.489
Paid During the Period	(1.115)	(429)
Actuarial loss/(gain)	211	(5.738)
Balance at the end of the period	26.259	18.984

As of 31 December 2021, the Bank has a TL 10.500 short-run employees' rights provision (31 December 2020: TL 7.250).

d.2) Retirement Benefits

Based on the results of the actuarial report, which is calculated with the actuarial ratio 9,80% as determined in the Law numbered 5754, published on the Official Gazette dated 8 May 2008 and numbered 26870, as of 31 December 2021, no technical deficit has been reported.

As of the balance sheet date, the Bank's liability for the benefits to be transferred to SGK is the estimated amount of payment that will be required to be made during the transfer to SGK. The actuarial parameters and the results used in the measurement of this amount reflect the provisions of Law No. 5754 on the pension and health benefits to be transferred to the SGK (9,80% real discount rate, etc.) published in the Official Gazette dated 8 May 2008 and numbered 26870.

d.3) Additional Bonus Provision to be paid to Personnel

The Group has a total of 500 TL provision in the current period, based on the additional bonus to be paid to the personnel (31 December 2020: 29.836).

9. Explanations on tax liability

a) Information on tax provisions

As of 31 December 2021, the Group has a current tax liability of 350.441 TL (31 December 2020: 96.632 TL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Information on taxes payable

	Current Period 31.12.2021	Prior Period 31.12.2020
Corporate Tax Payable	282.895	57.157
Taxation on Income From Securities	28.932	18.264
Property Tax	475	159
Banking Insurance Transactions Tax (BITT)	19.237	12.977
Foreign Exchange Transactions Tax	5.578	1.099
Value Added Tax Payable	8.809	3.642
Other	3.998	2.975
Total	349.924	96.273

c) Information on premiums:

	Current Period 31.12.2021	Prior Period 31.12.2020
Social Security Premiums - Employee	15	8
Social Security Premiums - Employer	7	14
Bank Social Aid Pension Fund Premium - Employee	-	1
Bank Social Aid Pension Fund Premium - Employer	-	7
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee	165	110
Unemployment Insurance - Employer	330	219
Other	-	-
Total	517	359

10. Information on deferred tax liabilities

The Bank has no deferred tax liability as of the balance sheet date (31 December 2020: None).

11. Information on payables for assets held for sale and discontinued operations

The Bank does not have any payables for assets held for sale and discontinued operations (31 December 2020: None).

12. Explanations on subordinated debts

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
From Domestic Banks	1.341.500	-	312.489	-
Domestic Other Organizations	-	1.314.363	-	768.037
From Foreign Banks	-	-	-	-
Overseas Other Organizations	-	-	-	-
Total	1.341.500	1.314.363	312.489	768.037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation:	-	1.314.363	-	768.037
Subordinated Loans ^(*)	-	1.314.363	-	768.037
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:	1.341.500	-	312.489	-
Subordinated Loans ^(*)	1.341.500	-	312.489	-
Equity-like Debt Instruments	-	-	-	-
Total	1.341.500	1.314.363	312.489	768.037

^(*) The Bank provided subordinated loan from Turkey Wealth Funds Market Stability and Equalization Fund in the scope of additional main capital amounting to EUR 100.000 without demand and profit share which is approved by BRSA dated 22 April 2019. The Bank has calculated the fair value of the loan in accordance with TFRS 9 and TFRS 13 using the prices of similar financial instruments on the balance sheet date and reflected them to the financial statements.

13. If the other liabilities of the balance exceed 10% of the balance sheet total, the names and amounts of the sub-accounts constituting at least 20% of them

The amount of other liabilities of balance sheet does not exceed 10% of total amount of balance sheet.

14. Information on shareholders' equity

a) Presentation on paid-in capital

	Current Period 31.12.2021	Prior Period 31.12.2020
Common stock	1.750.000	1.750.000
Preferred stock	-	-

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the Bank, if so the registered capital ceiling amount

None.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period

None.

d) Information on additions from capital reserves to capital in the current period

None.

e) Capital commitments in the last fiscal year and continue until the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments

There is no capital commitment for the last financial year and the end of the following interim period (31 December 2020: None).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of future assumptions based on the uncertainty of these indicators on the Bank's equity

The Bank has no any uncertainty related to profitability and liquidity according to the prior period's indicators (31 December 2020: None).

g) Summary information on privileges given to shares representing the capital

As of 31 December 2021, the Bank has no preferred shares (31 December 2020: None).

h) Disclosure of accumulated other comprehensive income or expenses to be reclassified to profit or loss

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	-	-	-	-
Revaluation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	43.265	(24.008)	(9.259)	(84)
Revaluation Difference	49.994	(24.008)	(12.063)	(84)
Deferred Tax Effect	(6.729)	-	2.804	-
Foreign Exchange Difference	-	-	-	-
Total	43.265	(24.008)	(9.259)	(84)

i) Profit reserves and profit distribution

Legal reserves are divided into first and second reserves in the Turkish Commercial Code ("TCC"). Primary legal reserves are separated from profit at the rate of 5% until the total reserves reach 20% of the paid-in capital. Secondary legal reserves are set aside at the rate of 10% over cash profit distributions exceeding 5% of the paid-in capital.

At the Bank's Ordinary General Assembly meeting held on 31 March 2021, it was decided to distribute the profit for 2020 as follows:

Profit distribution table for 2020:

Profit for the year 2020	638.562
A - 1 st Tier general legal reserves (TTK 519/A) 5%	31.928
B - First dividend to shareholders	-
C - Extraordinary reserves	606.634
D - Special funds	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet liabilities

a) Nature and amount of irrevocable loan commitments

	Current Period 31.12.2021	Prior Period 31.12.2020
Forward Asset Value Trading Commitments	553.864	155.132
Guaranteed Loan Allocation Commitments	-	-
Payment Commitments for Cheques	448.457	268.625
Tax and Fund Liabilities from Export Commitments	22.637	16.428
Commitments for Credit Card Expenditure Limits	141.095	48.071
Other Irrevocable Commitments	534.148	173.340
Commitment to Implementation of Promotions for Credit Card and Banking Services	265	1
Total	1.700.466	661.597

b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned

The amount of provision for Stage 3 possible losses arising from the off-balance sheet items is TL 103.959 (31 December 2020: TL 65.327).

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letter of credits

	Current Period 31.12.2021	Prior Period 31.12.2020
Guarantee Letters	22.059.849	12.574.368
Bank Acceptances	33.018	7.687
Letter of Credits	5.073.547	1.380.643
Other Contingencies	2.437.051	1.953.072
Total	29.603.465	15.915.770

b.2) Certain guarantees, temporary guarantees, surety ships and similar transactions

	Current Period 31.12.2021	Prior Period 31.12.2020
Letters of Temporary Guarantees	996.121	945.817
Letters of Certain Guarantees	9.823.046	6.505.269
Letters of Advance Guarantees	2.946.697	592.998
Letters of Guarantees given to Customs Offices	151.838	100.010
Other Letters of Guarantees	8.142.147	4.430.274
Total	22.059.849	12.574.368

Ziraat Katılım Bankası A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b.3) Total non-cash loans

	Current Period 31.12.2021	Prior Period 31.12.2020
Non-Cash Loans for Providing Cash Loans	8.142.586	4.430.274
With Original Maturity of One Year or Less	1.128.932	406.570
With Original Maturity of More than One Year	7.013.654	4.023.704
Other Non-Cash Loans	21.460.879	11.485.496
Total	29.603.465	15.915.770

c) Information on sectoral risk concentrations of non-cash loans

	Current Period 31.12.2021				Prior Period 31.12.2020			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	75.637	1	78.148	-	56.462	1	56.269	1
Farming and Raising Livestock	15.466	-	42.021	-	38.164	1	34.277	1
Forestry	59.898	1	3.036	-	18.243	-	-	-
Fishing	273	-	33.091	-	55	-	21.992	-
Manufacturing	1.749.611	21	13.418.916	63	1.295.191	19	6.285.349	69
Mining and Quarrying	25.037	-	96.213	-	21.053	-	60.462	1
Production	1.469.394	18	13.212.652	62	1.003.857	15	6.194.957	68
Electric, Gas and Water	255.180	3	110.051	1	270.281	4	29.930	-
Construction	4.184.044	51	2.878.530	13	3.522.025	51	836.526	9
Services	2.260.586	27	4.871.774	23	1.894.262	28	1.887.525	21
Wholesale and Retail Trade	1.580.186	19	2.885.471	14	1.334.199	20	1.053.809	12
Hotel, Food and Beverage Services	57.145	1	331.454	2	56.366	1	144.016	2
Transportation and Telecommunication	157.817	2	590.138	3	123.352	2	367.698	4
Financial Institutions	28.626	-	587.064	3	34.655	1	68.313	1
Real Estate and Leasing Services	317.124	4	220.123	1	293.691	3	222.510	2
Self-employment Services	88.008	1	2.167	-	-	-	-	-
Education Services	3.492	-	20.489	-	2.336	-	22.241	-
Health and Social Services	28.188	-	234.868	-	49.663	1	8.938	-
Other	1.294	-	84.925	1	71.342	1	10.819	-
Total	8.271.172	100	21.332.293	100	6.839.282	100	9.076.488	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

d) Information on non-cash loans classified in groups I and II:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans	8.196.018	20.989.658	75.154	342.635
Letters of Guarantee	8.161.670	13.480.390	75.154	342.635
Aval and Acceptance Loans	-	33.018	-	-
Letters of credit	20.348	5.053.199	-	-
Turnover	-	-	-	-
Our Guarantees for Purchase in Securities Issue	-	-	-	-
From Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	14.000	2.423.051	-	-

2. Explanations on derivative transactions:

	Current Period 31.12.2021	Prior Period 31.12.2020
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	3.270.985	7.281.799
Forward Foreign Exchange Transactions	1.501.702	2.183.637
Swap Money Exchange Transactions	1.769.283	5.098.162
Futures Money Transactions	-	-
Money Trading Options	-	-
Other Trading Derivative Transactions: (II)	-	-
A. Total Trading Derivative Transactions (I+II)	3.270.985	7.281.799
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Derivative Transactions for Total Hedging Purposes	-	-
Total Derivative Transactions (A + B)	3.270.985	7.281.799

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions, those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized, or expense and income from agreements in the income statement in the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Current Period 31.12.2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives:	1.458	9.225	(90.442)	-	-	(79.759)
- Inflow	298.367	744.421	552.825	-	-	1.595.613
- Outflow	(296.909)	(735.196)	(643.267)	-	-	(1.675.372)
Derivatives held for hedging						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	298.367	744.421	552.825	-	-	1.595.613
Total Outflow	(296.909)	(735.196)	(643.267)	-	-	(1.675.372)

Prior Period 31.12.2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives:	28.293	(14.906)	838	-	-	14.225
- Inflow	3.090.778	548.603	8.631	-	-	3.648.012
- Outflow	(3.062.485)	(563.509)	(7.793)	-	-	(3.633.787)
Derivatives held for hedging						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	3.090.778	548.603	8.631	-	-	3.648.012
Total Outflow	(3.062.485)	(563.509)	(7.793)	-	-	(3.633.787)

3. Explanations on contingent assets and liabilities:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

Payment obligation of the Parent Bank due to checks given to its customers is TL 448.457 (31 December 2020: TL 268.625).

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Explanations on services in the name of others:

The Bank provides safe deposit box services on behalf of real and legal persons. The Bank does not provide consultancy and management services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED PROFIT OR LOSS

1. a) Information on profit share received from loans

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	YP
Profit share on loans ^(*)	3.912.737	804.787	2.650.825	487.882
Short term loans	1.109.447	124.627	688.309	102.573
Medium and long term loans	2.743.086	667.619	1.901.533	377.501
Profit share on non-performing loans	60.204	12.541	60.983	7.808
Premiums received from resource utilization support fund	-	-	-	-

(*) Includes fees and commissions income on cash loans.

b) Information on profit share received from banks

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	-	2.343	22.086	488
Foreign Banks	-	727	-	1.421
Head Office and Branches	-	-	-	-
Total	-	3.070	22.086	1.909

c) Information on profit share income from securities portfolio

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit and Loss	2.605	19.023	7.457	-
Financial Assets at Fair Value through Other Comprehensive Income	622.760	62.480	525.705	34.947
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	-	94.465	-	40.460
Total	625.365	175.968	533.162	75.407

d) Information on profit share income received from associates and subsidiaries

None (31 December 2020: None).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. a) Information on profit share expense on borrowing

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Banks	47.048	27.585	100.342	55.051
Central Bank of the Republic of Turkey	-	-	2.428	-
Domestic Banks	33.323	16.756	5.625	39.332
Foreign Banks	13.725	10.829	92.289	15.719
Head Office and Branches	-	-	-	-
Other Institutions	119.587	102.262	-	43.679
Total	166.635	129.847	100.342	98.730

b) Information on profit share expense given to associates and subsidiaries

None (31 December 2020: None).

c) Information on profit share expense paid to securities issued

Profit share expenses given to securities issued are 327,137 TL (31 December 2020: 327,137 TL).

d) Presentation of dividends paid to participation accounts according to maturity structure

Current Period 31.12.2021	Participation Accounts						Cumulative Participation Account	Total
	1 Month	3 Months	6 Months	1 Year	Over 1 Year			
Account Name								
Turkish Lira								
Funds Collected from Banks via Current and Participation Accounts	-	57.829	-	-	-	-	-	57.829
Real Person's Non Commercial Participation Accounts	102.498	693.543	5.776	7.809	34.135	-	-	843.761
Public Sector Participation Accounts	60.337	88.787	22.329	22.150	-	-	-	193.603
Commercial Sector Participation Accounts	188.337	1.331.341	56.678	38.494	15.827	-	-	1.630.677
Other Institutions Participation Accounts	4.794	183.686	10.772	1.357	438	-	-	201.047
Total	355.966	2.355.186	95.555	69.810	50.400	-	-	2.926.917
Foreign Currency								
Funds Collected from Banks via Current and Participation Accounts	6	-	-	-	-	-	-	6
Real Person's Non Commercial Participation Accounts	5.621	64.361	1.117	1.994	24.291	-	-	97.384
Public Sector Participation Accounts	3	8	-	-	-	-	-	11
Commercial Sector Participation Accounts	711	13.731	429	3.520	875	-	-	19.266
Other Institutions Participation Accounts	1.647	59.735	4.197	3.093	112.923	-	-	181.595
Public Sector Participation Accounts	-	8.036	622	116	203	-	-	8.977
Total	7.988	145.871	6.365	8.723	138.292	-	-	307.239
Grand Total	363.954	2.501.057	101.920	78.533	188.692	-	-	3.234.156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Participation Accounts					
Account Name	1 Month	3 Months	6 Months	1 Year	Over 1 Year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	14	-	-	-	14
Real Person's Non Commercial Participation Accounts	55.456	420.858	5.616	5.466	28.565	515.961
Public Sector Participation Accounts	31.401	42.276	8.558	19.858	5.455	107.548
Commercial Sector Participation Accounts	66.019	537.096	14.481	31.788	25.261	674.645
Other Institutions Participation Accounts	6.020	45.690	8.292	144	58	60.204
Total	158.896	1.045.934	36.947	57.256	59.339	1.358.372
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	-	-	-	-	-	-
Real Person's Non Commercial Participation Accounts	4.542	47.680	946	1.315	24.562	79.045
Public Sector Participation Accounts	6	32	-	-	-	38
Commercial Sector Participation Accounts	3.073	47.138	963	2.110	15.132	68.416
Other Institutions Participation Accounts	1	451	1	-	-	453
Public Sector Participation Accounts	2.573	-	-	-	-	2.573
Total	10.195	95.301	1.910	3.425	39.694	150.525
Grand Total	169.091	1.141.235	38.857	60.681	99.033	1.508.897

3. Information on dividend income

As of 31 December 2021, the Bank has no dividend income (31 December 2020: 104).

4. a. Information on trading income/loss (net)

	Current Period 31.12.2021	Prior Period 31.12.2020
Income	8.833.644	13.705.661
Foreign exchange gains	87.306	13.423.821
Gain on derivative financial instruments	92.935	84.275
Gain on capital market transactions	8.653.403	197.565
Losses (-)	8.618.831	13.622.351
Foreign exchange losses	86.280	13.441.463
Losses on derivative financial instruments	158.796	159.863
Losses on capital market transactions	8.373.755	21.025
Net	214.813	8.833.644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b. Information on Profit/Loss on Derivative Financial Operations

	Current Period 31.12.2021	Prior Period 31.12.2020
Effect of the change in exchange rates on profit/loss	(65.861)	(75.588)
Total	(65.861)	(75.588)

5. Information on other operating income

Information on factors covering the recent developments which has significant effect on the Bank's income and the extent of effect on income

	Current Period 31.12.2021	Prior Period 31.12.2020
Correction Account for Previous Years Expenses ^(*)	528.904	215.301
Income from the Sale of the Asset	8.335	48.060
Provision for Communication Expenses	2.997	953
Checkbook Fees	516	392
Other	10.884	3.438
Total	551.636	268.144

^(*) 290.502 TL of the correction account for previous years' expenses was paid for participation accounts reserve cancellations (31 December 2020 : 114.216 TL), 93.202 TL for securities impairment reserve cancellations (31 December 2020 : None) and 145.201 TL for loan free provision cancellations (31 December 2020: 101.085 TL).

6. Provision expenses for impairment on loans and other receivables

	Current Period 31.12.2021	Prior Period 31.12.2020
Expected Credit Loss	958.562	994.213
12 month expected credit loss (Stage 1)	192.329	124.815
Significant increase in credit risk (Stage 2)	168.067	269.250
Non-performing loans (Stage 3)	598.166	600.148
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets Fair Value Through Other Comprehensive Income	-	-
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control (Joint Ventures)	-	-
Other ^(*)	30.041	173.855
Total	988.603	1.168.068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Information on other operating expenses

	Current Period 31.12.2021	Prior Period 31.12.2020
Reserve for Employee Termination Benefits	7.447	5.620
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	60.799	50.519
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	17.926	14.184
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	178.182	131.289
Leasing Expenses Related to TFRS 16 Exceptions	1.184	584
Maintenance Expenses	23.383	23.158
Advertisement Expenses	54.501	34.332
Other Expenses	99.114	73.215
Loss on Sales of Assets	391	945
Other ^(*)	127.422	114.375
Total	392.167	316.932

^(*) Of the balance constituting the other item, 68.457 TL (31 December 2020 64.370 TL) consists of SDIF premium and audit and consultancy service expenses, and 35.626 TL (31 December 2020, 39.026 TL) consists of taxes, fees, funds and other service expenses.

8. Fees for Services Received from Independent Auditor/Independent Audit Firm

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

9. Information on profit/loss from continued and discontinued operations before taxes

As of 31 December 2021, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 31.12.2021	Prior Period 31.12.2020
Net Profit Share Income	1.514.539	2.068.538
Net Fees and Commissions Income	147.334	92.541
Dividend Income	-	104
Trading Income/Expense (Net)	214.813	83.310
Other Operating Income	551.638	268.144
Expected Loss Provision (-)	958.562	994.213
Other Provision Expense	30.041	173.855
Personnel Expense	317.383	235.155
Other Operating Expenses (-)	392.167	316.932
Income/(Loss) from Continuing Operations	730.171	792.482

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

10. Information on tax provision for continued and discontinued operations

As of 31 December 2021, the Group's tax provision expense amounting to TL 171.481 (31 December 2020: TL 153.920) amounting to TL 373.740 (31 December 2020: TL 201.535) is from current tax expense, TL 202.259 (31 December 2020: TL 47.615 expense) amount of it consists of deferred tax expense.

11. Explanation on net income/loss for the period for continuing and discontinued operations

The Group's net profit from continuing operations is TL 558.690 (31 December 2020: TL 638.562 net income).

12. Information on net profit/loss

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Bank in the current period

The Bank, mainly utilizes its resources from domestic current and profit shares, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations.

b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period.

13. If other items in the income statement exceed 10% of the income statement total, sub-accounts constituting at least 20% of these items are shown below

None (31 December 2020: None).

V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED THE CHANGES IN SHAREHOLDERS' EQUITY

a) Explanations on Profit Distribution:

Pursuant to the profit distribution decision taken at the Ordinary General Assembly Meeting of the Parent Bank for the year 2020 held on 31 March 2021, 5% of the balance sheet profit of TL 638.562 for 2020 will be allocated as general legal reserves of TL 31.928 and the remaining TL 606.634 after the distributions will be left within the Ban, which is followed in the profit of previous years; In accordance with the Turkish Financial Reporting Standard, "TFRS-9 Financial Instruments", which started to be implemented as of 1 January 2018, it has been decided to keep the amount of TL 2.568, which is due to the recalculation of the provisions, within the Parent Bank.

As of the preparation date of these consolidated financial reports, no decision has been taken regarding the distribution of the profit of the Parent Bank in 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Explanations on Financial Assets at Fair Value through Other Comprehensive Income:

Information on financial assets at fair value through other comprehensive income is presented in the fifth section, footnote 1.4-b.

c) Profit Reserves:

As of the balance sheet date, profit reserves amounted to TL 1.739.171, legal reserves amounted to TL 92.316 extraordinary reserves amounted to TL 1.600.788 and other profit reserves amounted to TL 46.067.

d) Explanations on Previous Period Profit/Loss:

As of 31 December 2021, the Group has no prior period profit or loss.

VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED CASH FLOW STATEMENTS

1. Explanations on the "Other" items and "The Effect Of The Change in Foreign Currency on Cash and Cash Equivalent" item in the Cash Flow Statement:

5.319.303 TL of the 1.476.308 TL amount related to the operating profit before the change in the assets and liabilities of the banking activity, mainly from loans and profit share income from securities and financial leases, 3.939.158 TL mostly from deposits and profit share given to loans used. consists of expenses. Other earnings mainly include net fee and commission income and commercial profit and loss income.

The effect of the change in the exchange rate on cash and cash equivalents has been determined as 207.266 TL as of 31 December 2021 (31 December 2020: 1.456.262 TL).

Cash and cash equivalents are defined as cash and cash equivalents, such as cash, effective deposits, free accounts of the Central Bank of the Republic of Turkey, money in transit, purchased bank checks, money market transactions and time deposits with an original maturity of up to 3 months.

Period opening and end cash and cash equivalents balance:

	Current Period 31.12.2021	Prior Period 31.12.2020
Cash in TL and in Foreign Currency	1.559.762	279.899
Central Bank of the Republic of Turkey and Other Banks	6.499.696	4.490.864
Money Market Operations	-	-
Total Cash and Cash Equivalents	8.059.458	4.770.763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE PARENT BANK

1) a) Information on the volume of transactions relating to the Parent Bank's risk group, outstanding loans and funds collected and income and expenses for the period

Current Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	540	-	-	-
Balance at end of period	-	-	1.646	-	-	-
Profit share and commission income	-	-	-	-	-	-

Prior Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	3.097.903	-	-	-
Balance at end of period	-	-	540	-	-	-
Profit share and commission income	-	-	3.356	-	-	-

b) Current and profit sharing account held by the Bank's risk group:

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and participation accounts						
Balance at the beginning of period	-	-	2.715	59.324	-	-
Balance at the end of period	-	-	-	2.715	-	-
Participation Accounts						
Profit Share Expenses	-	-	300	21	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Information on loans taken from the risk group of the Bank

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Credits Received						
Balance at the beginning of period	3.950.000	2.450.000	560.325	791.393	-	-
Balance at the end of period	4.050.000	3.950.000	484.397	560.325	-	-
Dividend Expenses Paid	609.763	329.385	14.156	26.670	-	-

2) Information on forward transactions, option agreements and similar transactions between the Parent Bank's risk group:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss	-	-	-	-	-	-
Opening Balance	-	-	2.153.566	2.383.936	-	-
Closing Balance	-	-	1.708.791	2.153.566	-	-
Total Profit/Loss	-	-	863	230.370	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information on the fees paid to the top management of the bank

The total amount of benefits provided to the Bank's Senior Management is TL 8.285 (31 December 2020: TL 6.104).

VIII. SIGNIFICANT EVENTS AND MATTERS ARISING SUBSEQUENT TO CONSOLIDATED BALANCE SHEET DATE

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. INFORMATION ON THE GROUP'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Fitch Ratings: 14 December 2020	Note	Explanation
Foreign Currency Long Term Credit Rating	B+	It is very speculative under the investment class
Foreign Currency Short Term Credit Rating	B	It is very speculative under the investment class
Local Currency Long Term Credit Rating	BB-	It is speculative under the investment class.
Local Currency Short Term Credit Rating	B	It is very speculative under the investment class
National Long Term Credit Rating	AA(tur)	It is a high level investment grade.
Support	4	The possibility of external support is limited.

II. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements prepared as of 31 December 2021 and for the fiscal period ending on the same date have been audited by PwC Bağımsız Denetim ve SMMM A.Ş. and presented preceding the consolidated financial statements of independent auditors' report dated 14 February 2022.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

CONTACT INFORMATION

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