

(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)

ING Bank A.Ş. and Its Financial Subsidiaries

Publicly Announced Consolidated Financial Statements,
Related Disclosures and Independent Auditors'
Report Thereon
as of and for the Year Ended
31 December 2021

11 February 2022

*This report consists of 4 pages of "Independent Auditors' Report"
and 110 pages of consolidated financial statements and related
disclosures and footnotes.*

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

To the General Assembly of ING Bank Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ING Bank Anonim Şirketi ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of ING Bank Anonim Şirketi and its subsidiaries 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 Accounting and Reporting Legislation" which includes the "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 Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

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

Key Audit Matters

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

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII to the consolidated financial statements.

Key audit matter	How the matter is addressed in our audit
<p>As at 31 December 2021, loans measured at amortised cost comprise 60% of the Group's total assets.</p> <p>The Group recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>The Group applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Group management annually.</p> <p>The significant assumptions and estimates of the Group's management are as follows:</p> <ul style="list-style-type: none">• significant increase in credit risk• incorporating the forward looking macroeconomic information in calculation of credit risk• design and implementation of expected credit loss model <p>The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the initial recognition date and the classification of the loans measured at amortised cost according to the model.</p> <p>The Group calculates expected credit losses on both individual and collective basis. Individual provisions consider the estimated future cash flows of the asset and the market value of the collateral provided for credit transactions.</p>	<p>Our procedures for auditing the impairment of loans measured at amortised cost include below:</p> <ul style="list-style-type: none">• We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.• We evaluated the adequacy of the subjective and objective criteria that is defined in the Group's impairment accounting policy compared with the Regulation and Standard.• We evaluated the Group's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis with the involvement of specialists.• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. In this context, the current status of the loan customer has been evaluated by including the impact of COVID-19 on prospective information and macroeconomic variables.• We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates.• We tested the accuracy and completeness of the data in calculation of the data in the calculation models for the loans which are assessed on collective basis. We recalculated the expected credit loss calculation. The models used for the calculation of the risk parameters were examined and recalculated.• We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.

<p>The collective basis expected credit loss calculation is based on processes which are modelled by using current and past data sets and incorporating the future expectations.</p> <p>Impairment on loans measured at amortised cost was considered to be a key audit matter, due to its complex structure, the level of judgments of management and significance of the estimates and assumptions, including the impact of COVID-19, used as explained above.</p>	<ul style="list-style-type: none"> • We evaluated the qualitative and quantitative criteria, which are used in determining the significant increase in credit risk. • We evaluated the adequacy of the disclosures in the consolidated financial statements related to impairment provisions.
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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

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

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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) Report on Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code (“TCC”) numbered 6102; no significant matter has come to our attention that causes us to believe that the Group’s bookkeeping activities for the period 1 January - 31 December 2021 are not in compliance with TCC and provisions of the Group’s articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”). Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova, SMMM
Partner

11 February 2022
İstanbul, Turkey

The consolidated year end financial report of ING Bank A.Ş. and it's financial subsidiaries prepared as of and for the year ended 31 December 2021

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The consolidated year end financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency.

- General information about the Parent Bank
- Consolidated financial statements of the Parent Bank
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Group
- Explanations and notes related to consolidated financial statements
- Other explanations
- Independent Auditors' report

Investment in associates, joint ventures, direct and indirect subsidiaries whose financial statements have been consolidated in this report are as follows.

<u>Subsidiaries</u>	<u>Investments in associates</u>	<u>Joint ventures</u>
1. ING European Financial Services Plc.	None	None
2. ING Finansal Kiralama A.Ş.		
3. ING Faktoring A.Ş.		
4. ING Yatırım Menkul Değerler A.Ş.		

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

<u>John T. Mc CARTHY</u> Chairman of the Board	<u>Alper İhsan GÖKGÖZ</u> CEO	<u>K. Atıl ÖZUS</u> CFO	<u>M. Gökçe ÇAKIT</u> Financial Reporting and Tax Director
	<u>M. Semra KURAN</u> Chairman of the Audit Committee	<u>Martijn Bastiaan KAMPS</u> Audit Committee Member	

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

Name-Surname/Title : Nurgül BİLGİÇER FİLİS / Manager
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ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements for the year ended 31 December 2021

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

Section one

General information

I. History of the Parent Bank including its incorporation date, initial legal status, amendments to legal status

The foundations of ING Bank A.Ş. ("The Parent Bank" or "the Bank") were laid in 1984 by the establishment of "The First National Bank of Boston Istanbul Branch" and the current structure has been formed with the below mergers and takeovers. The establishment and historical developments of the Parent Bank are explained below:

"The First National Bank of Boston Istanbul Branch" was established in 1984. In 1990, "The First National Bank of Boston A.Ş." was established to accept deposits and carry out banking transactions, and the Articles of Association of the Bank were officially registered on 31 October 1990 and published in the Turkish Trade Registry Gazette on 5 November 1990. Upon the establishment of the Bank and permission to accept deposits, the assets and liabilities in the balance sheet of "The First National Bank of Boston Istanbul Branch" were transferred to the Bank.

The title of the Bank which was operating as a Turkish Bank with four shareholders including Ordu Yardımlaşma Kurumu ("OYAK"), was changed as "Türk Boston Bank A.Ş." in 1991; and OYAK purchased all other shares and became the sole owner of the Bank in 1993. On 10 May 1996, the title of "Türk Boston Bank A.Ş." was changed as "Oyak Bank A.Ş."

On the other hand, on 22 December 1999, upon a Council of Ministers Decree, the shareholding rights, management and supervision of Sümerbank A.Ş. except for its dividend rights were transferred to Savings Deposit Insurance Fund ("the SDIF") as per the third and fourth paragraphs of Article 14 of the Banking Law. In 2001, the SDIF decided to merge the assets and liabilities of the banks, namely Egebank A.Ş., Türkiye Tütüncüler Bankası Yaşarbank A.Ş., Yurt Ticaret ve Kredi Bankası A.Ş., Bank Kapital A.Ş. and Ulusal Bank T.A.Ş. that have been formerly transferred to the SDIF, into Sümerbank A.Ş.

According to a share sale agreement executed between the SDIF and OYAK on 9 August 2001, all the shares constituting the capital of Sümerbank A.Ş. whose shares were transferred to the SDIF; were transferred to OYAK by the SDIF. As of 11 January 2002, it was resolved that Sümerbank A.Ş. would settle all its accounts and merge with the Parent Bank and continue its banking operations under the Parent Bank. The merger through transfer was performed on 11 January 2002 upon the approval of the Banking Regulation and Supervision Agency ("BRSA").

In accordance with the permissions of the Competition Board with the decree number 07-69/856-324 dated 6 September 2007 and of the BRSA with the decree number 2416 dated 12 December 2007; the transfer of 1,074,098,150 shares of the Parent Bank that represent the total capital which belongs to OYAK in amount of TL 1,074,098 to ING Bank N.V as of 24 December 2007 has been approved by the Board of Directors decision numbered 55/1 and dated 24 December 2007 and the share transfer has been recorded in Shareholders Stock Register as of the same date. It has been decided to change the title of the Parent Bank from "Oyak Bank A.Ş." to "ING Bank A.Ş." effective from 7 July 2008. The Articles of Association of the Parent Bank has been changed with the Extraordinary General Meeting dated 26 June 2014 in accordance with Turkish Trade Art numbered 6102 and published in Turkish Trade Registry Gazette numbered 8608 and dated 9 July 2014.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements for the year ended 31 December 2021

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

II. The Parent Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on its risk group

The main shareholders and capital structure as of 31 December 2021 and 31 December 2020 are as follows:

	Current period		Prior period	
	Share amount Full TL	Share percentage	Share amount Full TL	Share percentage
ING Bank N.V.	3,486,267,793	100.00	3,486,267,793	100.00
Other shareholders total	4	-	4	-
Total	3,486,267,797	100.00	3,486,267,797	100.00

As of 31 December 2021, the Parent Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Parent Bank's paid-in capital is TL 3,486,268 as of 31 December 2021 and ING Bank N.V. has full control over the Parent Bank's capital.

Other shareholders total represent the total shares of Chairman of the Board John T. Mc Carthy, Vice Chairman of the BoD A. Canan Ediboğlu, the members of the Board Martijn Bastiaan Kamps Karst Jan Wolters with a nominal value of TL 1 (Full TL) each.

One share amounting to TL 1 (full TL), belonging to the Member of the Board of Directors, Sali Salieski, who resigned from his duty on 11 August 2021, was transferred to Karst Jan Wolters on 7 September 2021.

As one of the world's leading financial services institutions, ING Group operates in the retail banking, wholesale and mid-corporate banking, investment banking and portfolio management segments. ING Group was established in 1991 as a result of a merger between NMB Postbank, which has a distinguished 150-year history, and the Netherlands' leading insurance company, Nationale-Nederlanden. Both companies were providing services in international markets before the merger, but ING became a leading global financial service provider with the merger.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements for the year ended 31 December 2021

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

III. Information on the Parent Bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the Parent Bank

As of 31 December 2021, the Parent Bank's Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

Name and Surname	Title	Responsibility area
John T. Mc Carthy	Chairman of the BoD	Legally declared
A. Canan Edibođlu	Vice Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Martijn Bastiaan Kamps	BoD Member and Audit Committee Member	Legally declared
Karst Jan Wolters	BoD Member	Legally declared
Alper İhsan Gökğöz	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Corporate Banking
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
Günce Çakır	Executive Vice President	Legal
İhsan Çakır	Executive Vice President	Business Banking
İlker Kayseri	Executive Vice President	Treasury
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Meltem Öztürk	Executive Vice President	Human Resources
N. Yücel Ölçer	Executive Vice President	Operation
Okan Korkmaz	Chief Audit Executive	Internal Audit
Ozan Kırmızı	Executive Vice President	Retail Banking
Öcal Ađar	Executive Vice President	Credits
Umut Pasin	Executive Vice President	Financial Risk Management

Umut Pasin has been appointed as Financial Risk Management Executive Vice President per the Board of Directors resolution No. 107/1 and dated 23 December 2020 and after completion of the BRSA process, he started his duty as of 8 February 2021.

Technology Executive Vice President of the Parent Bank, İ. Bahadır Şamlı, has resigned from his duty as of 15 April 2021 to be appointed as Head of Information Technologies of ING Belgium.

Chief Audit Executive of the Parent Bank, Murat Tursun, has resigned from his duty as of 1 July 2021 to continue his career as an ING Group CAS MT member. Vice President of Risk and Finance Internal Audit of the Bank, Okan Korkmaz, has been appointed as Chief Audit Executive of the Parent Bank as of 1 July 2021.

BoD Member, Sali Salieski, has resigned from his duty as of 11 August 2021 to continue his career as a senior management position in the Management Team at ING Belgium and Karst Jan Wolters has been appointed as BoD Member.

Chief Executive Officer and Executive Vice Presidents have no share in the Parent Bank.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements for the year ended 31 December 2021

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

IV. Information on the Parent Bank's qualified shareholders

ING Bank N.V. has full control over the Parent Bank's management with 3,486,267,793 shares and 100% paid-in share.

V. Summary information on the Parent Bank's activities and services

The Parent Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Parent Bank carries out its operations with 167 domestic branches.

The Parent Bank and its subsidiaries ING European Financial Services Plc., ING Finansal Kiralama A.Ş., ING Faktoring A.Ş. and ING Yatırım Menkul Değerler A.Ş. has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements and notes to consolidated financial statements.

VI. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

Subsidiaries of the Parent Bank are subject to consolidation within the scope of full consolidation, there is no difference consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Consolidated Financial Statements of Banks in Turkey.

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

None.

Section two

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- VI. Consolidated statement of cash flows
- VII. Statement of profit distribution

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 31 December 2021

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

Assets	Note (section five)	Audited Current period (31/12/2021)			Audited Prior period (31/12/2020)		
		TL	FC	Total	TL	FC	Total
I. Financial assets (net)		10,464,748	19,000,679	29,465,427	9,020,517	10,200,528	19,221,045
1.1 Cash and cash equivalents		4,857,397	18,117,161	22,974,558	6,142,611	9,811,403	15,954,014
1.1.1 Cash and balances at Central Bank	(I-1)	2,011,212	16,791,262	18,802,474	986,318	8,123,476	9,109,794
1.1.2 Banks	(I-3)	77,712	1,325,899	1,403,611	135,568	1,687,927	1,823,495
1.1.3 Money market placements		2,771,996	-	2,771,996	5,024,385	-	5,024,385
1.1.4 Expected credit losses (-)	(I-5)	(3,523)	-	(3,523)	(3,660)	-	(3,660)
1.2 Financial assets at fair value through profit or loss	(I-2)	35,237	139,641	174,878	26,805	79,000	105,805
1.2.1 Government securities		35,187	139,641	174,828	26,743	79,000	105,743
1.2.2 Equity instruments		50	-	50	62	-	62
1.2.3 Other financial assets		-	-	-	-	-	-
1.3 Financial assets at fair value through other comprehensive income	(I-4)	1,342,498	869	1,343,367	582,633	313	582,946
1.3.1 Government securities		1,329,741	-	1,329,741	569,876	-	569,876
1.3.2 Equity instruments		12,757	869	13,626	12,757	313	13,070
1.3.3 Other financial assets		-	-	-	-	-	-
1.4 Derivative financial assets		4,229,616	743,008	4,972,624	2,268,468	309,812	2,578,280
1.4.1 Derivative financial assets measured at fair value through profit or loss	(I-2)	4,102,332	743,008	4,845,340	2,242,600	309,812	2,552,412
1.4.2 Derivative financial assets measured at fair value through other comprehensive income	(I-11)	127,284	-	127,284	25,868	-	25,868
II. Financial assets measured at amortised cost		29,825,288	27,588,965	57,414,253	28,592,521	16,870,977	45,463,498
2.1 Loans	(I-5)	25,920,785	26,885,312	52,806,097	26,050,358	15,962,966	42,013,324
2.2 Receivables from leasing transactions	(I-10)	110,569	703,653	814,222	84,180	706,985	791,165
2.3 Factoring receivables		-	-	-	302,995	201,026	504,021
2.4 Other financial assets measured at amortised cost	(I-6)	5,609,794	-	5,609,794	4,253,314	-	4,253,314
2.4.1 Government securities		5,609,794	-	5,609,794	4,253,314	-	4,253,314
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	(I-5)	(1,815,860)	-	(1,815,860)	(2,098,326)	-	(2,098,326)
III. Assets held for sale and assets of discontinued operations (net)	(I-16)	660	-	660	660	-	660
3.1 Assets held for sale		660	-	660	660	-	660
3.2 Assets from discontinued operations		-	-	-	-	-	-
IV. Equity investments		-	-	-	-	-	-
4.1 Investments in associates (net)	(I-7)	-	-	-	-	-	-
4.1.1 Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2 Unconsolidated associates		-	-	-	-	-	-
4.2 Investments in subsidiaries (net)	(I-8)	-	-	-	-	-	-
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (net)	(I-9)	-	-	-	-	-	-
4.3.1 Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2 Unconsolidated joint ventures		-	-	-	-	-	-
V. Tangible assets (net)	(I-12)	671,066	29	671,095	821,209	25	821,234
VI. Intangible assets (net)	(I-13)	34,294	-	34,294	46,468	-	46,468
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		34,294	-	34,294	46,468	-	46,468
VII. Investment property (net)	(I-14)	-	-	-	-	-	-
VIII. Current tax asset	(I-15)	195,100	810	195,910	-	-	-
IX. Deferred tax asset	(I-15)	6,649	-	6,649	1,770	-	1,770
X. Other assets (net)	(I-17)	823,649	23,733	847,382	604,311	29,164	633,475
Total assets		42,021,454	46,614,216	88,635,670	39,087,456	27,100,694	66,188,150

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 31 December 2021

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

Liabilities	Note (section five)	Audited Current period (31/12/2021)			Audited Prior period (31/12/2020)		
		TL	FC	Total	TL	FC	Total
I. Deposits	(II-1)	19,860,786	32,756,412	52,617,198	19,229,755	20,901,128	40,130,883
II. Loans received	(II-3)	324,390	15,226,834	15,551,224	1,799,764	7,969,696	9,769,460
III. Money market funds		2,501,827	93,896	2,595,723	9,438	57,784	67,222
IV. Securities Issued (net)	(II-4)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. Funds		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. Financial liabilities at fair value through profit or loss		-	-	-	-	-	-
VII. Derivative financial liabilities		1,180,404	817,468	1,997,872	791,574	174,586	966,160
7.1 Derivative financial liabilities at fair value through profit or loss	(II-2)	1,169,336	817,468	1,986,804	678,575	170,418	848,993
7.2 Derivative financial liabilities at fair value through other comprehensive income	(II-7)	11,068	-	11,068	112,999	4,168	117,167
VIII. Factoring payables		-	-	-	24	617	641
IX. Lease payables (net)	(II-6)	161,525	-	161,525	229,076	-	229,076
X. Provisions	(II-8)	280,577	711	281,288	251,172	426	251,598
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		75,916	-	75,916	61,926	-	61,926
10.3 Insurance technical reserves (net)		-	-	-	-	-	-
10.4 Other provisions		204,661	711	205,372	189,246	426	189,672
XI. Current tax liability	(II-9)	126,563	94	126,657	158,224	130	158,354
XII. Deferred tax liability	(II-9)	498,804	-	498,804	179,664	-	179,664
XIII. Liabilities for assets held for sale and assets of discontinued operations (net)	(II-10)	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. Subordinated debt	(II-11)	-	-	-	-	4,019,844	4,019,844
14.1 Loans		-	-	-	-	4,019,844	4,019,844
14.2 Other debt instruments		-	-	-	-	-	-
XV. Other liabilities	(II-5)	1,167,672	2,828,688	3,996,360	896,519	106,481	1,003,000
XVI. Shareholders' equity	(II-12)	10,809,019	-	10,809,019	9,416,020	(3,772)	9,412,248
16.1 Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2 Capital reserves		-	-	-	-	-	-
16.2.1 Share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		-	-	-	-	-	-
16.3 Other comprehensive income/expense items not to be recycled to profit or loss		121,616	-	121,616	118,345	-	118,345
16.4 Other comprehensive income/expense items to be recycled in profit or loss		296,176	-	296,176	(7,592)	(3,772)	(11,364)
16.5 Profit reserves		5,704,846	-	5,704,846	5,050,863	-	5,050,863
16.5.1 Legal reserves		368,858	-	368,858	334,352	-	334,352
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		5,335,988	-	5,335,988	4,716,511	-	4,716,511
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or (loss)		1,200,113	-	1,200,113	768,136	-	768,136
16.6.1 Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2 Current period profit or (loss)		1,200,113	-	1,200,113	768,136	-	768,136
16.7 Minority interest		-	-	-	-	-	-
Total liabilities and shareholders' equity		36,911,567	51,724,103	88,635,670	32,961,230	33,226,920	66,188,150

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of off-balance sheet items as of 31 December 2021

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

Off-balance sheet items	Note (section five)	Audited Current period (31/12/2021)			Audited Prior period (31/12/2020)		
		TL	FC	Total	TL	FC	Total
A. Off-balance sheet commitments (II+III)		31,096,810	95,982,843	127,079,653	31,391,799	65,371,786	96,763,585
I. Guarantees and warranties	(III-1)	1,371,346	8,189,530	9,560,876	1,357,433	7,062,942	8,420,375
1.1 Letters of guarantee		1,371,019	7,175,918	8,546,937	1,343,434	6,107,892	7,451,326
1.1.1 Guarantees subject to state tender law		3,334	-	3,334	3,477	-	3,477
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		1,367,685	7,175,918	8,543,603	1,339,957	6,107,892	7,447,849
1.2 Bank acceptances		-	-	-	-	1,269	1,269
1.2.1 Import letter of acceptance		-	-	-	-	1,269	1,269
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		327	951,034	951,361	4,491	718,677	723,168
1.3.1 Documentary letters of credit		327	951,034	951,361	4,491	718,677	723,168
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Pre-financing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Purchase guarantees for securities issued		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	5,147	87,805	92,952
1.8 Other guarantees		-	45,241	45,241	-	74,940	74,940
1.9 Other warranties		-	17,337	17,337	4,361	72,359	76,720
II. Commitments	(III-1)	3,755,304	1,865,618	5,620,922	3,541,893	2,240,674	5,782,567
2.1 Irrevocable commitments		3,755,304	1,865,618	5,620,922	3,541,893	2,240,674	5,782,567
2.1.1 Forward asset purchase commitments		372,323	1,860,701	2,233,024	262,390	1,359,233	1,621,623
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		2,085,377	-	2,085,377	1,869,623	878,692	2,748,315
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		200,991	-	200,991	231,822	-	231,822
2.1.8 Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9 Commitments for credit card limits		1,065,170	-	1,065,170	1,146,771	-	1,146,771
2.1.10 Commitments for credit cards and banking services promotions		7,093	-	7,093	5,929	-	5,929
2.1.11 Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12 Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		570	4,917	5,487	1,578	2,749	4,327
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-2)	25,970,160	85,927,695	111,897,855	26,492,473	56,068,170	82,560,643
3.1 Derivative financial instruments for hedging purposes		2,540,000	-	2,540,000	1,970,000	1,275,834	3,245,834
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		2,540,000	-	2,540,000	1,970,000	1,275,834	3,245,834
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Derivative financial instruments for trading purposes		23,430,160	85,927,695	109,357,855	24,522,473	54,792,336	79,314,809
3.2.1 Forward foreign currency buy/sell transactions		6,158,329	15,491,670	21,649,999	2,675,190	7,758,902	10,434,092
3.2.1.1 Forward foreign currency transactions-buy		4,732,452	6,010,639	10,743,091	1,799,674	3,508,433	5,308,107
3.2.1.2 Forward foreign currency transactions-sell		1,425,877	9,481,031	10,906,908	875,516	4,250,469	5,125,985
3.2.2 Swap transactions related to foreign currency and interest rates		17,245,275	64,603,671	81,848,946	21,824,587	43,563,616	65,388,203
3.2.2.1 Foreign currency swap-buy		1,611,334	28,055,834	29,667,168	3,584,027	19,764,590	23,348,617
3.2.2.2 Foreign currency swap-sell		7,703,941	18,967,229	26,671,170	9,228,560	12,589,974	21,818,534
3.2.2.3 Interest rate swap-buy		3,965,000	8,790,304	12,755,304	4,506,000	5,604,526	10,110,526
3.2.2.4 Interest rate swap-sell		3,965,000	8,790,304	12,755,304	4,506,000	5,604,526	10,110,526
3.2.3 Foreign currency, interest rate and securities options		26,556	5,832,354	5,858,910	22,696	3,469,818	3,492,514
3.2.3.1 Foreign currency options-buy		13,278	2,916,177	2,929,455	11,348	1,734,909	1,746,257
3.2.3.2 Foreign currency options-sell		13,278	2,916,177	2,929,455	11,348	1,734,909	1,746,257
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
IV. Custody and pledged items (IV+V+VI)		201,501,095	75,669,411	277,170,506	192,025,001	42,875,735	234,900,736
Items held in custody		3,208,584	5,364,957	8,573,541	2,240,258	2,805,683	5,045,941
4.1 Customer fund and portfolio balances		2,909,807	-	2,909,807	1,940,931	-	1,940,931
4.2 Investment securities held in custody		30,697	1,299,864	1,330,561	30,936	679,754	710,690
4.3 Checks received for collection		118,841	1,086,512	1,205,353	108,756	491,295	600,051
4.4 Commercial notes received for collection		136,757	2,912,346	3,049,103	147,153	1,610,428	1,757,581
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		12,482	66,235	78,717	12,482	24,206	36,688
4.8 Custodians		-	-	-	-	-	-
V. Pledged received		20,963,183	12,543,991	33,507,174	22,671,501	8,328,932	31,000,433
5.1 Marketable securities		273,462	30,693	304,155	132,034	32,216	164,250
5.2 Guarantee notes		206,560	549,990	756,550	209,030	317,950	526,980
5.3 Commodity		910	-	910	910	-	910
5.4 Warrant		-	-	-	-	-	-
5.5 Properties		17,008,485	9,329,637	26,338,122	19,113,316	6,566,119	25,679,435
5.6 Other pledged items		3,473,766	2,633,671	6,107,437	3,216,211	1,412,647	4,628,858
5.7 Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		177,329,328	57,760,463	235,089,791	167,113,242	31,741,120	198,854,362
Total off-balance sheet items (A+V)		232,597,905	171,652,254	404,250,159	223,416,800	108,247,521	331,664,321

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

ING Bank A.Ş. and its Financial Subsidiaries

**Consolidated statement of profit or loss
for the year ended 31 December 2021**

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

Income and expense items		Note (section five)	Audited	Audited
			Current period (01/01/2021- 31/12/2021)	Prior period (01/01/2020- 31/12/2020)
I.	Interest income	(IV-1)	6,616,553	5,225,358
1.1	Interest on loans		4,471,379	4,197,542
1.2	Interest on reserve requirements		163,807	7,607
1.3	Interest on banks		49,570	34,631
1.4	Interest on money market transactions		860,881	345,708
1.5	Interest on marketable securities portfolio		1,009,920	553,119
1.5.1	Financial assets at fair value through profit or loss		9,842	13,771
1.5.2	Financial assets at fair value through other comprehensive income		162,199	106,453
1.5.3	Financial assets measured at amortised cost		837,879	432,895
1.6	Finance lease income		45,919	42,800
1.7	Other interest income		15,077	43,951
II.	Interest expense (-)	(IV-2)	(3,690,883)	(2,170,377)
2.1	Interest on deposits		(3,285,048)	(1,775,586)
2.2	Interest on funds borrowed		(340,324)	(264,181)
2.3	Interest on money market transactions		(32,213)	(59,735)
2.4	Interest on securities issued		-	-
2.5	Finance lease expense		(28,712)	(28,929)
2.6	Other interest expenses		(4,586)	(41,946)
III.	Net interest income/expense (I - II)		2,925,670	3,054,981
IV.	Net fees and commissions income/expense		411,187	367,695
4.1	Fees and commissions received		610,152	550,735
4.1.1	Non-cash loans		111,649	103,693
4.1.2	Other	(IV-12)	498,503	447,042
4.2	Fees and commissions paid (-)		(198,965)	(183,040)
4.2.1	Non-cash loans		(479)	(978)
4.2.2	Other	(IV-12)	(198,486)	(182,062)
V	Dividend income	(IV-3)	507	476
VI.	Trading gain/(loss) (net)	(IV-4)	456,966	216,896
7.1	Trading gain/(loss) on securities		(12,307)	98,407
7.2	Gain/(loss) on derivative financial transactions		1,812,088	521,932
7.3	Foreign exchange gain/(loss)		(1,342,815)	(403,443)
VII.	Other operating income	(IV-5)	603,609	587,554
VIII.	Gross operating income (III+IV+V+VI+VII)		4,397,939	4,227,602
IX.	Expected credit loss (-)	(IV-6)	(593,529)	(1,152,013)
X.	Other provision expenses (-)		(75,210)	(10,835)
XI.	Personnel expenses (-)		(825,848)	(746,349)
XII	Other operating expenses	(IV-7)	(1,311,673)	(1,331,460)
XIII.	Net operating profit/(loss) (VIII-IX-X-XI-XII)		1,591,679	986,945
XIV.	Income resulted from mergers		-	-
XV.	Income/loss from investments under equity accounting		-	-
XVI.	Gain/loss on net monetary position		-	-
XVII.	Operating profit/loss before taxes (XIII+...+XVI)	(IV-8)	1,591,679	986,945
XVIII.	Provision for taxes of continued operations (±)	(IV-9)	(391,566)	(218,809)
18.1	Current tax provision		(108,704)	(250,762)
18.2	Expense effect of deferred tax (+)		(410,844)	(35,527)
18.3	Income effect of deferred tax (-)		127,982	67,480
XIX.	Net profit/(loss) from continuing operations (XVII±XVIII)	(IV-10)	1,200,113	768,136
XX.	Income from discontinued operations		-	-
20.1	Income from non-current assets held for resale		-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3	Income from other discontinued operations		-	-
XXI.	Expenses for discontinued operations (-)		-	-
21.1	Expenses for non-current assets held for resale		-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3	Loss from other discontinued operations		-	-
XXII.	Profit/(loss) before tax from discontinued operations (XX-XXI)		-	-
XXIII.	Tax provision for discontinued operations (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	Net profit/(loss) from discontinued operations (XXII±XXIII)		-	-
XXV.	Net profit/(loss) (XIX+XXIV)	(IV-11)	1,200,113	768,136
25.1	Profit/(Loss) from the Group		1,200,113	768,136
25.2	Income/(Loss) from Minority Interest (-)		-	-
	Earnings per share		0.3442	0.2203

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement profit or loss and other comprehensive income for the year ended 31 December 2021

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

Profit or loss and other comprehensive income		Audited	Audited
		Current period (01/01/2021- 31/12/2021)	Prior period (01/01/2020- 31/12/2020)
I.	Current period profit/loss	1,200,113	768,136
II.	Other comprehensive income	258,658	105,571
2.1	Other income/expense items not to be recycled to profit or loss	(2,312)	3,085
2.1.1	Gains/(losses) on revaluation of property, plant and equipment	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/(losses)	(2,684)	(377)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	-	3,265
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	372	197
2.2	Other income/expense items to be recycled to profit or loss	260,970	102,486
2.2.1	Translation differences	140,128	36,069
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(43,500)	(74,587)
2.2.3	Gains/(losses) from cash flow hedges	195,320	158,166
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	(30,978)	(17,162)
III.	Total comprehensive income (I+II)	1,458,771	873,707

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2021

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

Changes in equity

Statement of changes in shareholders' equity		Other comprehensive income/expense items not to be recycled to profit or loss				Other comprehensive income/expense items to be recycled to profit or loss				Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI		Profit reserves	Prior period profit or (loss)	Current period profit or (loss)	Total equity except minority interest	Minority interest	Total shareholders' equity
Audited	Note	Paid-in capital	Share premium	Share cancellation profits	Other capital reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other (1)	Translation differences	measured at FVOCI	Other (2)		(loss)	(loss)			
Prior period (01/01/2020-31/12/2020)																	
I.		3,486,268	-	-	-	141,898	(2,310)	(241)	324	81,518	(159,623)	3,448,841	-	1,541,866	8,538,541	-	8,538,541
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	141,898	(2,310)	(241)	324	81,518	(159,623)	3,448,841	-	1,541,866	8,538,541	-	8,538,541
IV.		-	-	-	-	-	(161)	3,246	-	(59,474)	125,891	-	-	768,136	837,638	-	837,638
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	36,069	-	36,069
XI.		-	-	-	-	(24,087)	-	-	-	-	-	-	-	1,565,953	-	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	(1,541,866)	-	-	-
11.2	(II-12)	-	-	-	-	(24,087)	-	-	-	-	-	-	-	(1,541,866)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	117,811	(2,471)	3,005	324	22,044	(33,732)	5,050,863	-	768,136	9,412,248	-	9,412,248
Current period (01/01/2021-31/12/2021)																	
I.		3,486,268	-	-	-	117,811	(2,471)	3,005	324	22,044	(33,732)	5,050,863	-	768,136	9,412,248	-	9,412,248
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	117,811	(2,471)	3,005	324	22,044	(33,732)	5,050,863	-	768,136	9,412,248	-	9,412,248
IV.		-	-	-	-	-	(2,373)	61	186,698	(35,076)	155,918	(46,570)	-	1,200,113	1,458,771	-	1,458,771
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	5,583	-	-	-	-	-	700,553	-	(768,136)	(62,000)	-	(62,000)
11.1		-	-	-	-	-	-	-	-	-	-	(62,000)	-	-	(62,000)	-	(62,000)
11.2	(II-12)	-	-	-	-	5,583	-	-	-	-	-	762,553	-	(768,136)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	123,394	(4,844)	3,066	187,022	(13,032)	122,186	5,704,846	-	1,200,113	10,809,019	-	10,809,019

(1) Other (Shares of investments valued by equity method in other comprehensive income not to be recycled to profit or loss and other accumulated amounts of other comprehensive income items not to be recycled to other profit or loss)

(2) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income recycled to profit or loss and other accumulated amounts of other comprehensive income items recycled to other profit or loss)

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows for the year ended 31 December 2021

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

Statement of cash flows	Note	Audited	Audited
		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		5,785,550	4,874,458
1.1.1 Interest received		6,674,978	5,342,582
1.1.2 Interest paid		(3,656,518)	(2,182,860)
1.1.3 Dividend received		507	476
1.1.4 Fees and commissions received		615,683	551,193
1.1.5 Other income	(VI-2)	141,065	120,929
1.1.6 Collections from previously written-off loans and other receivables		440,129	661,699
1.1.7 Payments to personnel and service suppliers		(1,667,849)	(1,587,216)
1.1.8 Taxes paid		(403,303)	(224,613)
1.1.9 Other	(VI-2)	3,640,858	2,192,268
1.2 Changes in operating assets and liabilities		(5,065,305)	(5,025,941)
1.2.1 Net (increase)/decrease in financial assets at fair value through profit or loss		(69,772)	17,666
1.2.2 Net (increase)/decrease in due from bank		(139,519)	179,022
1.2.3 Net (increase)/decrease in loans		(4,357,689)	1,448,431
1.2.4 Net (increase)/decrease in other assets	(VI-2)	(3,915,846)	(287,614)
1.2.5 Net increase/(decrease) in bank deposits		(1,610,457)	(748,092)
1.2.6 Net increase/(decrease) in other deposits		1,356,398	(599,785)
1.2.7 Net increase/(decrease) in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase/(decrease) in funds borrowed		(3,494,516)	(5,258,110)
1.2.9 Net increase/(decrease) in matured payables		-	-
1.2.10 Net increase/(decrease) in other liabilities	(VI-2)	7,166,096	222,541
I. Net cash provided from banking operations		720,245	(151,483)
B. Cash flow from investing activities			
II. Net cash provided from investing activities		(1,991,373)	(1,364,405)
2.1 Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2 Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-	-
2.3 Purchases of property and equipment		(252,953)	(346,093)
2.4 Disposals of property and equipment		460,190	444,949
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(1,111,457)	(1,297,866)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		303,730	1,946,210
2.7 Cash paid for purchase of financial assets measured at amortised cost		(3,378,383)	(3,644,739)
2.8 Cash obtained from sale of financial assets measured at amortised cost		2,006,706	1,553,437
2.9 Other	(VI-2)	(19,206)	(20,303)
C. Cash flows from financing activities			
III. Net cash provided from financing activities		(145,549)	(104,575)
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	(II-4)	-	-
3.3 Issued equity instruments		-	-
3.4 Dividends paid	(II-12)	(62,000)	-
3.5 Payments for finance leases		(83,549)	(104,575)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(VI-2)	4,779,970	1,090,199
V. Net increase in cash and cash equivalents (I+II+III+IV)		3,363,293	(530,264)
VI. Cash and cash equivalents at beginning of the period	(VI-1)	12,875,355	13,405,619
VII. Cash and cash equivalents at the end of the period	(VI-1)	16,238,648	12,875,355

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Statement of profit distribution

for the year ended 31 December 2021

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

Profit distribution table		Audited	Audited
		Current period (31/12/2021) (*)	Prior period (31/12/2020) (*)
I.	Distribution of current year profit		
1.1	Current year profit	1,551,868	826,631
1.2	Taxes and duties payable (-)	351,755	199,986
1.2.1	Corporate tax (Income tax)	68,594	222,557
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	283,161	(22,571)
A.	Net profit for the year (1.1-1.2)	1,200,113	626,645
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	31,332
1.5	Other statutory reserves (-)	-	-
B.	Net profit available for distribution (A-(1.3+1.4+1.5))	1,200,113	595,313
1.6	First dividend to shareholders (-)	-	62,000
1.6.1	To owners of ordinary shares	-	62,000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividend to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Statutory reserves (-)	-	-
1.11	Extraordinary reserves (**)	-	525,858
1.12	Other reserves	-	-
1.13	Special funds (***)	-	7,455
II.	Distribution of reserves		
2.1	Appropriated reserves	-	-
2.2	Dividends to shareholders (-)	-	-
2.2.1	To owners of ordinary shares	-	-
2.2.2	To owners of privileged shares	-	-
2.2.3	To owners of preferred shares	-	-
2.2.4	To profit sharing bonds	-	-
2.2.5	To holders of profit and loss sharing certificates	-	-
2.3	Dividends to personnel (-)	-	-
2.4	Dividends to board of directors (-)	-	-
III.	Earnings per share		
3.1	To owners of ordinary shares	0.34	0.18
3.2	To owners of ordinary shares (%)	34.42%	17.97%
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	Dividend per share		
4.1	To owners of ordinary shares	-	0.02
4.2	To owners of ordinary shares (%)	-	1.78%
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(*) Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of the financial statements, 2021 annual ordinary general meeting has not been held yet. In accordance with the regulations in Turkey, companies do not make profit distribution based on consolidated financials. In this respect, the profit distribution tables stated above belong to the Bank.

(**) According to Ordinary General Meeting dated 25 March 2021, among total distributable profit for the year 2020, TL 174,313 has been classified as first dividend share, TL 62,000 as gross amount before tax has been paid in cash while TL 112,313 of first dividend payment and TL 413,545 are kept as extraordinary reserves.

(***) According to Ordinary General Meeting dated 25 March 2021, amounting to TL 7,455 of distributable profit for the year 2020 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph clause (e).

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2021

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

Section three

Accounting policies

I. Explanations on basis of presentation

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

The consolidated financial statements have been prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations, communiqués, explanations and circulars promulgated by the Banking Regulation and Supervision Agency ("BRSA") in relation to accounting and financial reporting principles of banks and for the issues not regulated by as per Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") (hereafter, referred as "BRSA Accounting and Financial Reporting Legislation"). The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation. TFRS contains Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards and explanations and interpretations related to the standards.

The consolidated financial statements have been prepared at Turkish Lira on a historical cost basis, except for the financial assets and financial liabilities measured on a fair value basis.

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the use of certain critical accounting estimates and assumptions by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss.

The spread of the COVID-19 virus to various countries in the world, affects both regional and global economic conditions negatively as well as causing disruptions in operations especially in countries which are heavily exposed to COVID-19. As a result of the spread of COVID-19 around the world, various precautions have been taken and are still being taken in our country as well as in the world in order to prevent the transmission of the virus. In addition to these precautions, extensive economic precautions have also been taken in order to minimize the economic impact of the virus, simultaneously.

b. Additional paragraph for convenience translation to English

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

c. Accounting policies and valuation principles applied in the presentation of consolidated financial statements

The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with BRSA Accounting and Financial Reporting Legislation. These accounting policies and valuation principles are explained in Notes II to XXIV below.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with the standards used in the previous year.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2021

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

I. Explanations on basis of presentation (continued)

d. Changes in accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2021 have no material effect on accounting policies, financial position and financial performance of the Group. New and revised TAS and TFRS issued but not yet effective as of the finalization date of the financial statements will not have material effect on accounting policies, financial position and financial performance of the Group.

In addition, the Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published by the POA in the Official Gazette dated 14 December 2019 and numbered 30978 and early implementation of the changes is allowed. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Parent Bank's financials have been evaluated and it has been concluded that there is no material impact for 31 December 2021. On the other hand, the process for the Interest Rate Benchmark Reform is ongoing and the Parent Bank's studies continue within the scope of compliance with the changes.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on 20 January 2022, due to the fact that cumulative change in the general purchasing power of the last 3 years was 74.41%; it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies. Therefore, no inflation adjustment has been applied on the financial statements dated 31 December 2021 in accordance with TAS 29.

II. Explanations on the strategy of using financial instruments and foreign currency transactions

The Group manages its financial instruments strategies according to its liability structure. The liability structure is mainly comprised of deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As reporting date, the Group's asset and shareholder's equity structure is sufficient to meet its liabilities.

Due to the risks management policy, the Group does not take significant currency positions. In case of a currency risk due from the customer transactions, the Group makes contra transactions in order to close the position.

The investment decisions are made taking the balance sheet items' maturity structure and interest rates into consideration. Limits related to the balance sheet are determined. The distribution of assets is determined and income analyses are made according to this distribution.

When carrying out off-balance sheet forward transactions, the Group aims to perform contra transactions as well, thus paying maximum attention to the currency and interest rate risks. The customer limits for transactions are determined.

Explanations on foreign currency transactions:

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. In period-ends, foreign currency denominated monetary assets and liabilities are translated into TL with the exchange buying rates of the Parent Bank prevailing at the reporting date. Gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

Foreign currency denominated accounts of the subsidiaries within the Group have been valued with the foreign exchange buying rates applicable on the reporting date.

Regarding the financial statements of the foreign subsidiary of the Group, balance sheet items are converted to Turkish Lira at the period-end balance sheet exchange rates, and statement of profit or loss items are converted at average exchange rate, and all resulting exchange differences are accounted in the shareholders' equity under "Other comprehensive income/expense items to be recycled in Profit or Loss".

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2021

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

III. Explanations on consolidated subsidiaries

According to the full consolidation method, all of the subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the Parent Bank's investment in each subsidiary and the capital of each subsidiary are eliminated. Intercompany balances and profits and losses resulting from intercompany transactions are offset against each other. Parent Bank's guarantees given for the cash loans granted by consolidated subsidiaries are eliminated at consolidation and such exposures are included under cash loans in assets.

Where different accounting policies have been applied by the subsidiaries, these accounting policies have been aligned with the accounting policies of the Parent Bank.

ING European Financial Services Plc.

ING European Financial Services Plc. was established in 1994, in Ireland, to operate in corporate finance, issuance of certificates of deposits and treasury services.

The financial statements of the Company are prepared in EUR in accordance with the accounting principles effective in Ireland. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Faktoring A.Ş. (ING Factoring)

ING Faktoring was established in 2008 for the purpose of engaging in import, export and local factoring activities. The Company was granted operation license by the BRSA Board Decision, No. 3564, dated 3 March 2010.

The Company prepares its financial statements in accordance with the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies, communique on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies, TFRS and other regulations, communiqués, explanations and circulars promulgated by the BRSA in relation to accounting and financial reporting principles. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Finansal Kiralama A.Ş. (ING Leasing)

ING Leasing was established in 2008 for the purpose of operating in financial leasing activities and execute all kinds of transactions and contracts related to these activities. The company was granted operating license with the BRSA Board Decision, No. 3564, dated 3 March 2010.

The Company prepares its financial statements in accordance with the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies, communique on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies, TFRS and other regulations, communiqués, explanations and circulars promulgated by the BRSA in relation to accounting and financial reporting principles. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Yatırım Menkul Değerler A.Ş. (ING Securities)

ING Securities was established in 1991 under the title Universal Menkul Değerler A.Ş. in 1991, and was acquired by ING UK Holdings Limited on 30 October 2008, and the title of the Company was changed as ING Yatırım Menkul Değerler A.Ş. at the date of 27 May 2009. 100% shares of ING Securities were purchased by the Parent Bank on 15 August 2012.

Capital Markets Board approved the Company's application for continuing its operations and performing margin trading, short selling and lending and borrowing transactions of capital market instruments under its trading brokerage license as of 11 January 2013. On 26 July 2013, the Capital Markets Board approved the Company's application for a license to operate as an intermediary in trading derivatives for the purpose of operating in the futures and options market. With the Capital Market Board letter, dated 19 November 2013, the application of ING Securities for the establishment of an agency was approved as from 15 November 2013.

The financial statements of the Company are prepared in accordance with the Capital Markets Board legislation with respect to TFRS enacted by POA. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2021

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

IV. Explanations on forward and options contracts and derivative instruments

The Group's derivative instruments consist of forward buy/sell, swaps, futures, and options contracts.

Derivative financial instruments of the Group are classified as "Derivative Financial Assets Designated at Fair Value through Profit or Loss" per TFRS 9.

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in profit or loss statement at the date they incur. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

From 30 June 2020, the Group started to use TRLibor average interest curves in order to reflect fair valuation measurement of the CBRT swap transactions more accurately and made the necessary fair value measurement arrangements.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Explanations on derivative financial instruments held for hedging purpose

As permitted by TFRS 9, the Group continues to apply hedge accounting in accordance with "TAS 39 Financial Instruments: Recognition and Measurement ("TAS 39").

The Group applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL floating rate deposits and revolving loans. Within the scope of cash flow hedge accounting, change in fair value of the hedging instrument, being positive or negative, is accounted in "Derivative financial assets measured at fair value through other comprehensive income" or "Derivative financial liabilities at fair value through other comprehensive income", respectively, in the balance sheet. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "accumulated other comprehensive income or expense to be reclassified to profit or loss" whereas the amount concerning ineffective parts is recognised in profit or loss statement. The changes recognized in shareholders' equity is removed and included in profit or loss statement in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to profit or loss statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity until the cash flows of the hedged item are realized and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account.

When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in profit or loss statement considering the original maturity.

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V. Explanations on interest income and expenses

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate which equals the future cash flows of a financial asset or liability to its net book value) by taking into consideration present principal amount.

As of 1 January 2018, the Group applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods for the financial assets impaired and classified as non-performing loan. Such interest income calculation is based on contractual basis for all financial assets subject to impairment calculation. During calculation of loss given default rate in expected credit loss models effective interest rate is used, thus, calculation of expected credit losses includes calculated interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest income from loans" for such calculated interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

VI. Explanations on fee and commission income and expenses

Commissions paid for the loans provided and fees and commissions collected from clients in return for these loans are reflected on the statement of profit or loss in the period when they arise. On the other hand, of the fees and commissions collected from clients, the portions exceeding the amounts paid, and the fees and commissions collected without being associated with any cost are treated as an element of the effective interest of the loan, and they are recognized in the statement of profit or loss during the term of the loan on an accrual basis. Fees and commission expenses paid to the institutions and companies granting the loan are treated as an element of the effective interest, and they are associated with the statement of profit or loss during the term of the loan.

VII. Explanations on financial instruments

Initial recognition of financial instruments

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instrument

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

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Thus, the Group has classified all financial assets beginning from 1 January 2018 on the basis of the business model used for the management of these assets and the contractual cash flows.

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

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VII. Explanations on financial instruments (continued)

Assessment of business model

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

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

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Central Bank, banks, money market placements, financial assets measured at amortized cost, loans, lease receivables, factoring receivables and other receivables are evaluated within this business model.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The business model in which financial assets are held both for the collection of contractual cash flows and for the sale of financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are evaluated within this business model.

Other business models:

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

Measurement categories of financial assets and liabilities

According to TFRS 9, the Bank's financial assets are classified in three main categories as listed below:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost (including credits).

Financial assets measured at fair value through profit/loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are recognized in profit or loss.

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VII. Explanations on financial instruments (continued)

Financial assets measured at fair value through other comprehensive income:

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "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 statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other comprehensive income income/expense items to be recycled in profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment. In this context, the Group has evaluated that the costs of equity securities, which are classified as financial assets measured at fair value through other comprehensive income, has been assessed that they reflect the approximate fair values. The fair value level of the related assets has been determined as Level 3.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Loans:

Loans represents financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the effective interest rate method.

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

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VIII. Explanations on impairment of financial assets

With the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (Provision Regulation)" promulgated by BRSA in the Official Gazette, no. 29750, dated 22 June 2016, the Group has started calculating provisions as of 1 January 2018, in scope of TFRS 9 for financial instruments, loans and other receivables. Accordingly, loss allowance for expected credit losses is recognized for the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Per TFRS 9, loss allowance for expected credit losses is recognised on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. Expected credit loss estimates should include objective information weighted according to possibilities and that can be supported about past events, existing conditions and predictions about future economic conditions.

Financial assets within the scope of TFRS 9 are allocated to the three stages according to the change in the quality of the loan after initial recognition and are calculated on the basis of the expected credit loss stage:

- **Stage 1:** For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

A financial asset is transferred from Stage 1 to Stage 2 when there is a significant increase in credit risk after initial recognition. Group has established a framework which incorporates quantitative and qualitative information to identify significant risk increase on an asset level applying a relative assessment. Each financial asset is assessed at the reporting date to determine significant risk increase.

Group considers the following criteria.

Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, Group implements different probability of default thresholds to evaluate absolute and relative changes occurring in both retail and corporate portfolios. Related thresholds are being analyzed by back-testing and revised accordingly if necessary.

Qualitative criteria: Group considers several indicators aligned with those used in credit risk management. Specific qualitative criteria for retail and corporate portfolio has been defined, according to its particularities and with the policies currently in use. The use of these qualitative criteria is complemented with the use of expert judgement.

- Having past due more than legal regulations
- Loans classified to watch list status according to the decision of the Group's management,
- Restructured loans in compliance with "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside",
- Restructured loans according to an administrative judgement,
- Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.

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VIII. Explanations on impairment of financial assets (continued)

- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The following criteria are taken into consideration in determining the impairment:

- Having past due more than legal regulations
- Problems in aspect of client's creditworthiness
- Collaterals and/or debtor's equities are insufficient for the timely payment of receivables
- Collection of receivables is considered to be delayed for more than legal regulations due to macroeconomic, industry specific or customer specific reasons.

In accordance with the BRSA Decision numbered 8948 and dated 17 March 2020, starting from 17 March 2020, the Group records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 91 days and for loans that do not exceed 180 days, BRSA decided to continue in the same way as of 1 October 2021 until 31 December 2021 within the scope of the related decision.

In accordance with the BRSA Decision numbered 8970 and dated 27 March 2020, the Group records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to their lifetime expected credit losses until 31 December 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795.

The Group implemented the relevant classification changes as of 1 October 2021.

Use of present, past, future information and macroeconomic predictions:

Expected loss estimations take into consideration multiple macroeconomic scenarios for which the probability is measured according to past events, existing conditions and predictions about future economic conditions for economic variables (such as unemployment rates, GDP growth, real estate prices index and interest rates). Group has defined three macroeconomic scenarios to use for future predictions, a baseline, an up-scenario and a down-scenario. Macroeconomic models are used to convert the parameters used in expected loss estimations to forward looking versions. Different models exist for large corporate, financial institutions, corporate, retail mortgage and retail portfolios.

Expected credit loss measurement:

Group applies "Probability of Default x Exposure at Default x Loss Given Default" method which also takes the time value of money into account. For Stage 1 financial assets; a forward-looking approach on a twelve-month period is applied in order to calculate expected credit loss. For Stage 2 financial assets; a lifetime expected loss is calculated. The lifetime expected loss is the discounted sum of the portions of lifetime losses related to default events within each period of twelve months till maturity. For Stage 3 financial assets; the probability of default equals 100%, the loss given default and the exposure at default represent a lifetime expected loss calculated based on properties of the defaulted loan.

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VIII. Explanations on impairment of financial assets (continued)

According to the Group's risk policies, lifetime loan loss provision is calculated for the loans which have overdue between 30 to 90 days and classified under Stage 1 in accordance with BRSA Decision numbered 8970 and dated 27 March 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795.

According to the Group's risk policies, lifetime loan loss provisions are calculated by taking into account the probability of default as 100% for the loans which have overdue between 90 to 180 days and classified under Stage 2 in accordance with BRSA Decision numbered 8948 and dated 17 March 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 91 days and for loans that do not exceed 180 days, BRSA decided to continue in the same way as of 1 October 2021 until 31 December 2021 within the scope of the related decision.

Disclosures on 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.31533 on 6 July 2021. Pursuant to the regulation, the Parent Bank may write-off the portion of the loans, classified as "Group V Loan" (Loans Classified as Loss)", for which there is no reasonable expectation of recovery, within the scope of TFRS 9, as of the first reporting period (interim or year-end reporting period) following their classification in this Group, deducted from the records within the period deemed appropriate by the Parent Bank, taking into account the situation of the debtor. The Parent Bank performs objective and subjective assessments whether there is a reasonable expectation.

Partial write-off transactions from the financial statements mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered.

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Group has a legally enforceable right to offset the recognized amounts and intends to settle 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 securities lending transactions

Marketable securities sold under repurchase agreements ("Repo") are classified as financial assets whose fair value difference is reflected on profit-loss, and which are other comprehensive income or will be measured at amortised cost, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the "funds provided by repo transactions" accounts. The income related to repurchase agreements are reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in "interest on money market borrowings" accounts.

Securities ("Reverse repo") that are purchased with repurchase agreements are classified under receivables from reverse repo transactions. Interest income obtained from reverse repo transactions are recognized under the account "interest obtained from money market transactions".

Securities lending transactions are classified under "money market placements" and accruals are calculated for the interest expense occurred.

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XI. Explanations on property and equipment held for sale and related to discontinued operations and on payables regarding these assets

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations ("TFRS 5").

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, 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. To have a high possibility of a sale or sales, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Group's receivables are shown at the fixed assets held for sale line, according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the statement of profit or loss. The Group does not have any discontinued operations.

XII. Explanations on goodwill and other intangible assets

The intangible assets are measured at their cost calculated by adding the acquisition costs and other direct costs necessary for making the asset in working order.

Subsequently, intangible assets are carried at cost less accumulated depreciation and provision for value decrease.

Intangible assets are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

The intangible assets	33%
The Group does not have goodwill.	

XIII. Explanations on property and equipment

Property and equipment are initially measured at cost calculated by adding the acquisition fees and any directly attributable costs for making the asset in working order. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease.

According to precautionary and materiality principles, when the current value of property and equipment is less than their net cost, the net cost which exceeds their current value is recognized in expense account as provision for impairment.

Property and equipment are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

Immovables	2%
Movables, assets acquired by financial leasing	2% - 50%
Right-of-use assets	9% - 50%

The depreciation is set aside at the amount calculated through proportion of the yearly depreciation amount foreseen for the assets held for less than one accounting period to the time for which the asset is held in asset.

Gains and losses on the disposal of property and equipment are reflected to the profit and loss of the related period.

Expenditures for the repair and maintenance of property and equipment are recognized as expense. There is no injunction, pledge or mortgage on property and equipment. There is no purchase commitment related to property and equipment.

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XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Parent Bank performs financial leasing operations as a "Lessor" through ING Finansal Kiralama A.Ş. which is a consolidated subsidiary. Transactions are accounted for in accordance with the relevant accounting standards.

b. Accounting of leasing operations as lessee

Assets acquired under financial leases are capitalized at lower of the fair values of leased assets or discounted value of lease installments. While the total amounts of lease amounts are recognized as liability, the related interest amounts are accounted for as deferred interest. Assets subject to financial leases are followed under property and equipment and are depreciated by using straight-line method. The estimated depreciation rates are determined according to their estimated useful lives.

The Group performs operating lease for branches, ATM locations and vehicles. With the "IFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset and under "Liabilities from Leasing" as a liability. Other operating leases are not considered within the scope of IFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under "Other Operating Expenses".

The Group – as lessee:

The Group assesses whether a contract is (or contains) a lease at the inception of the contract. A contract is a lease contract or contains a lease on the basis of whether the right to control the use of an identified asset is being transferred for a period of time, against remuneration. In this case, at the commencement date, the right-of-use assets are recognized under "Tangible Assets" and lease liabilities are recognized under "Lease Payables" by the Group.

The Group initially measures the right-of-use asset applying a cost model in the financial statements and it includes the following:

- (a) Lease liabilities in the balance sheet, initially measured at the present value,
- (b) Remaining lease payment amount before or at the commencement date, after all lease incentives are eliminated,
- (c) All initial direct costs borne by the Group,
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate.

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XIV. Explanations on leasing transactions (continued)

At the commencement date, the lease payments included into the measurement of lease liabilities are composed of payments will be made during the underlying asset's lease term and payments that are not made at the commencement date are indicated below:

- (a) Remaining amount of fixed payments after elimination of any lease incentives receivable,
- (b) Variable future lease payments resulting from a change in an index or a rate used to determine those payments' initial measurement at the commencement date,
- (c) Amounts expected to be payable under a residual value guarantee by the Bank,
- (d) Purchasing option's cost if the Group is sure at a reasonable level that purchasing option will be used,
- (e) Payment of the fine due to the termination of the lease if the lease period refers to an option for the termination of the lease.

After the commencement date, the Group measures the lease liability as indicated below:

- (a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,
- (b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made,
- (c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

XV. Explanations on provisions, contingent assets and liabilities

Provisions and contingent liabilities are accounted in accordance with, "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when there is a present legal or constructive obligation as a result of past events at the balance sheet date; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

Provisions are set aside for highly probable and reliably estimated amount of liabilities arisen as a result of prior period events, at the time when such liabilities arise.

XVI. Explanations on obligations related to employee rights

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Parent Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Parent Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Parent Bank.

The Parent Bank has calculated provision for employee severance benefits in the attached financial statements in accordance with "Turkish Accounting Standard for Employee Benefits ("TAS 19")" by using the "Projection Method" and discounted the total provision by using the current market yield on government bonds based on their previous experience in the issues of completion of personnel service period and severance pay eligibility. Actuarial gains and losses are recognized under equity in accordance with the "TAS 19" standard.

In accordance with the existing social legislation in Turkey, the Parent Bank is required to make contribution to Social Security Institution ("SSI") on behalf of their employees. Other than the contributions that the Bank is required to pay, there is no additional requirement to make payment to neither their employees nor SSI. These premiums are reflected to personnel expenses when they accrue.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

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XVII. Explanations on taxation

a. Current tax

The Parent Bank and its subsidiaries operating in Turkey are subject to tax legislation and practices effective in Turkey.

As of 31 December 2021, the current corporate tax rate is 25%. In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, starting from the declarations that must be submitted as of 1 July 2021 and to be valid for the taxation period starting from 1 January 2021, the corporate tax rate is 25% for the taxation period of 2021 and this rate will be applied as 23% for the taxation period of 2022.

While according to the provisions of Corporate Tax Law, No. 5520, exemption shall be applied for 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years (provided that they are added in the capital or kept in a special fund account in liabilities for five years as provided in the Law), and from the sales of founders' shares, preference shares and preferred rights they have kept for same duration; Article 89/a of the Law, No. 7061 effective upon promulgation in the Official Gazette, No. 30261, dated 5 December 2017 and Articles 5.1.e and 5.1.f of Corporate Tax Law have been amended, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the above mentioned sale of properties.

The corporate tax rate is applied to the net corporate income after the addition of expenses not subject to deduction according to tax legislation, deduction of exemptions in tax laws (such as participation earnings exemption) and application of tax relief (reduction). No further tax is paid if the profit is not distributed.

According to the Corporate Tax Law, financial losses can be carried forward to offset against corporate tax base of the related period for up to five years. Tax authorities inspect tax returns and the related accounting records within five years and check the tax calculations.

Corporate tax is required to be filed by the last day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

As of 31 December 2021, 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 of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting periods including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law No. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law No. 7352 published in the Official Gazette No.31734 dated 29 January 2022 and the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and for the 2023 accounting period; will not be subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base.

Current year tax amounts to be paid are netted off as they are related with prepaid tax amounts.

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XVII. Explanations on taxation (continued)

a. Deferred tax

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, the corporate tax rate is 25% for the taxation period of 2021 and this rate will be applied as 23% for the taxation period of 2022, and 20% for the following periods. As of 31 December 2021, the Group has evaluated its assets and liabilities according to their maturities and calculated deferred tax at the rates of 23% or 20% corresponding to the relevant maturities.

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of deferred tax asset to be utilized.

b. Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by way of Transfer Pricing" published on 18 November 2007 explains the application related issues in detail. According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communiqué's "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form" section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on borrowings

The Group, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2021.

XX. Explanations on guarantees and acceptances

The Group's letters of acceptances with its customers are simultaneously realized with customers' payments and are followed in off-balance sheet items.

XXI. Explanations on government incentives

As of the balance sheet date, there is no government grant for the Group.

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XXII. Explanations on segment reporting

An operating segment is a component of an entity:

- a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance, and
- c. For which discrete financial information is available.

Reporting according to the operational segment is presented in Note XII of Section Four.

XXIII. Profit reserves and distribution of profit

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

XXIV. Explanations on other disclosures

None.

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Section four

Information on financial position and risk management of the Group

I. Explanations on consolidated capital

Consolidated total capital and capital adequacy ratio has been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

In accordance with the BRSA Decision numbered 9996 and dated 21 December 2021, due to the fluctuations in the financial markets as a result of the COVID-19 outbreak; in the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; with monetary assets and non-monetary assets excluding assets that are measured in terms of historical cost in a foreign currency valued amount of items in accordance with TAS and its special provision amounts, purchase exchange rate can be used in preparation of financial statements as of simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before and negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" are not included in capital calculation.

As of 31 December 2021, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date. If the specified measure is not taken into account, the consolidated capital adequacy ratio decreases to 16.02% as of 31 December 2021.

As of 31 December 2021, taking into consideration the above-mentioned regulations, the Group's total capital is TL 11,185,929 and the consolidated capital adequacy ratio is 19.22%. As of 31 December 2020, the Group's total capital amounted to TL 12,830,267 and capital adequacy ratio was 24.18%.

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I. Explanations on consolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	5,704,846	
Other comprehensive income according to TAS	319,549	
Profit	1,200,113	
Net profit for the period	1,200,113	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	1,596	
Minority interest	-	
Common equity tier I capital before deductions	10,712,372	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	25,539	
Leasehold improvements on operational leases	43,352	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	34,946	34,946
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
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, which exceeds 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, which exceeds 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	-	
Amounts 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	-	
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 in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity tier I capital	103,837	
Total common equity tier I capital	10,608,535	
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity tier I capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	10,608,535	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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I. Explanations on consolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	-	-
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	-
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	586,133	-
Tier II Capital Before Deductions	586,133	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	-
Bank's investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	-
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital (-)	-	-
The Total of Net Long Positions 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 (-)	-	-
Total Deductions from Tier II Capital	-	
Total Tier II Capital	586,133	
Total Capital (The sum of Tier I Capital and Tier II Capital)	11,194,668	
Total of Core Capital and Additional Capital (Total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than three Years	-	-
Other items to be defined by the BRSA (-)	8,739	-
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	-
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
TOTAL CAPITAL		
Total Capital	11,185,929	-
Total risk weighted amounts	58,212,222	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	18.22	-
Tier I Capital Adequacy Ratio (%)	18.22	-
Capital Adequacy Ratio (%)	19.22	-
BUFFERS		
Total buffer requirement	2.57	-
Capital protection buffer requirement (%)	2.50	-
Bank specific cyclical buffer requirement (%)	0.07	-
Systemically important banks buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	11.23	-
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the 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	-	-
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	192,390	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	586,133	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	586,133	-
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	-
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	-
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	-
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	-
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	-
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	-

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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I. Explanations on consolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	5,050,863	
Other comprehensive income according to TAS	141,588	
Profit	768,136	
Net profit for the period	768,136	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	1,596	
Minority interest	-	
Common equity tier I capital before deductions	9,448,451	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,471	
Leasehold improvements on operational leases	50,151	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	46,638	46,638
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
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, which exceeds 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, which exceeds 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	-	
Amounts 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	-	
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 in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity tier I capital	99,260	
Total common equity tier I capital	9,349,191	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not included in common equity tier I capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	9,349,191	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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I. Explanations on consolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,922,714	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	567,534	
Tier II Capital Before Deductions	3,490,248	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions 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 (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	3,490,248	
Total Capital (The sum of Tier I Capital and Tier II Capital)	12,839,439	
Total of Core Capital and Additional Capital (Total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA	9,172	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,830,267	
Total risk weighted amounts	53,053,228	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.62	
Tier I Capital Adequacy Ratio (%)	17.62	
Capital Adequacy Ratio (%)	24.18	
BUFFERS		
Total buffer requirement	2.57	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.07	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	11.62	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the 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	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	174,780	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	577,541	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	567,534	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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I. Explanations on consolidated capital (continued)

Information about debt instruments that will be included in total capital calculation

The subordinated loan amounting to USD 62 million obtained from ING Bank N.V. on 26 May 2015 was paid on 26 May 2021, by using the early redemption option, in accordance with the BRSA's approval letter dated 10 March 2021. Remaining amount of EUR 231 million of subordinated loan obtained from ING Bank N.V. on 26 May 2015 and the subordinated loans amounting to EUR 85 million and USD 91 million obtained from ING Bank N.V. on 25 May 2014 were paid on 28 June 2021, by using the early redemption option, in accordance with the BRSA's same approval letters. There is no debt instruments that will be included in total capital calculation as of 31 December 2021.

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	10,809,019	10,809,019
Gains from cash flow hedge transactions	122,186	(122,186)
Leasehold improvements on operational leases	43,352	(43,352)
Goodwill and intangible assets	34,294	(34,946)
General provision	586,133	586,133
Other deductions from shareholders' equity	8,739	(8,739)
Capital		11,185,929

II. Explanations on consolidated credit risk

- The Parent Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Audit Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Parent Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Parent Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage, customer checks and Credit Guarantee Fund suretyship having Treasury guarantee.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Parent Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Parent Bank are considered impaired loans.

The Parent Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by POA in the accompanying consolidated financial statements starting from 1 January 2018. Bank calculates Expected Credit Loss based provisions for credit losses.

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

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II. Explanations on consolidated credit risk (continued)

Risk classifications	Current period risk amount (*)	Current period average (**)	Prior period risk amount (*)	Prior period average (**)
Conditional and unconditional receivables from central governments and Central Banks	22,596,483	16,278,552	12,597,570	13,187,583
Conditional and unconditional receivables from regional or local governments	482,601	675,699	942,635	972,254
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	8,767,858	11,295,631	11,102,849	11,087,264
Conditional and unconditional receivables from corporates	28,720,724	27,081,385	27,543,116	27,008,529
Conditional and unconditional receivables from retail portfolios	13,706,356	13,155,102	14,059,718	14,366,148
Conditional and unconditional receivables secured by mortgages	2,672,531	3,268,156	2,717,007	2,987,321
Past due receivables	453,359	416,133	132,330	220,540
Receivables defined under high risk category by BRSA	13,883	144,810	513,297	861,197
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Stock transactions	13,353	13,293	13,070	12,372
Other receivables	3,551,561	3,319,154	2,797,876	2,843,211
Total	80,978,709	75,647,915	72,419,468	73,546,419

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks."

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.
3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is reduced by the usage of rights and performing of the acts.
4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been reduced at the time of transfer, company's restructuring decision has been reconsidered and after decision is made, the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not restructured have been reduced again. On the other hand, companies that have issues on their financial positions or business operations but not restructured, have been monitored closely in terms of company operations and cash flows.

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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II. Explanations on consolidated credit risk (continued)

5. Transactions in foreign countries have been made with many correspondent banks in many countries. The counterparty limits have been set for the risks that may arise in transactions with banks. Credit risks have been managed according to credit worthiness and limits of the counterparties.

The Group does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

6. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 47% and 57% respectively (31 December 2020: 40% and 48%).

The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 88% and 93% (31 December 2020: 84% and 90%).

The proportion of the Group's top 100 and 200 customers' cash and non-cash loan balances in total cash and non-cash loans 52% and 61% (31 December 2020: 48% and 54%).

7. Stage 1 and Stage 2 expected losses for consolidated credit risk amount to TL 586,133 (31 December 2020: TL 567,534).

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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II. Explanations on consolidated credit risk (continued)

8. Amount of profile on significant risks in significant regions

Profile on significant risks in significant regions (*)

	Risk categories (**)																	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
Current period																			
Domestic	22,596,483	482,601	-	-	-	3,676,696	27,887,033	13,702,073	2,670,970	453,340	13,883	-	-	-	-	12,757	3,551,130	75,046,966	
European Union Countries	-	-	-	-	-	4,370,254	284,865	2,314	911	-	-	-	-	-	-	596	-	4,658,940	
OECD Countries (***)	-	-	-	-	-	165,177	-	16	-	4	-	-	-	-	-	-	-	165,197	
Off- Shore banking regions	-	-	-	-	-	624	-	-	-	-	-	-	-	-	-	-	-	624	
USA, Canada	-	-	-	-	-	543,062	-	6	-	-	-	-	-	-	-	-	431	543,499	
Other Countries	-	-	-	-	-	12,045	548,826	1,947	650	15	-	-	-	-	-	-	-	563,483	
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Undistributed assets / liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	22,596,483	482,601	-	-	-	8,767,858	28,720,724	13,706,356	2,672,531	453,359	13,883	-	-	-	-	13,353	3,551,561	80,978,709	
Prior period																			
Domestic	12,597,570	942,635	-	-	-	6,229,513	26,267,849	14,055,912	2,714,562	132,310	513,297	-	-	-	-	12,757	2,797,876	66,264,281	
European Union Countries	-	-	-	-	-	4,353,092	132,423	2,765	192	-	-	-	-	-	-	313	-	4,488,785	
OECD Countries (***)	-	-	-	-	-	162,889	-	65	-	-	-	-	-	-	-	-	-	162,954	
Off- Shore banking regions	-	-	-	-	-	6,547	-	-	-	-	-	-	-	-	-	-	-	6,547	
USA, Canada	-	-	-	-	-	332,841	-	11	-	-	-	-	-	-	-	-	-	332,852	
Other Countries	-	-	-	-	-	17,967	1,142,844	965	2,253	20	-	-	-	-	-	-	-	1,164,049	
Investment in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Undistributed assets / liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	12,597,570	942,635	-	-	-	11,102,849	27,543,116	14,059,718	2,717,007	132,330	513,297	-	-	-	-	13,070	2,797,876	72,419,468	

- (*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor
(**) Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"
(***) EU countries, OECD countries other than USA and Canada
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

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II. Explanations on consolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

Current period	Risk categories (**)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	451,177	51,443	2,928	5,077	-	-	-	-	-	-	5	160,493	350,137	510,630
Farming and raising livestock	-	-	-	-	-	-	202,859	45,524	2,928	4,441	-	-	-	-	-	-	4	153,818	101,938	255,756
Forestry	-	-	-	-	-	-	32	5,906	-	97	-	-	-	-	-	-	1	6,036	-	6,036
Fishing	-	-	-	-	-	-	248,286	13	-	539	-	-	-	-	-	-	-	639	248,199	248,838
Manufacturing	-	-	-	-	-	15,636,861	1,628,625	478,590	146,259	5,025	-	-	-	-	-	-	567	5,677,576	12,218,351	17,895,927
Mining	-	-	-	-	-	-	2,307,787	15,457	1,845	4,612	-	-	-	-	-	-	13	64,904	2,264,810	2,329,714
Production	-	-	-	-	-	-	12,528,792	1,610,382	476,745	141,160	5,025	-	-	-	-	-	546	5,442,448	9,320,202	14,762,650
Electricity, gas, water	-	-	-	-	-	-	800,282	2,786	-	487	-	-	-	-	-	-	8	170,224	633,339	803,563
Construction	-	-	-	-	-	1,862,437	193,849	37,639	24,546	335	-	-	-	-	-	-	121	686,168	1,432,759	2,118,927
Services	15,386,048	-	-	-	-	8,761,111	10,719,507	1,348,260	580,924	186,350	8,198	-	-	-	-	10,855	12,616	18,419,817	18,594,052	37,013,869
Wholesale and retail trade	-	-	-	-	-	-	4,122,551	1,148,175	164,056	133,815	5,739	-	-	-	-	-	656	4,208,268	1,366,724	5,574,992
Hotel food, beverage services	-	-	-	-	-	-	560,121	31,583	339,671	25,270	71	-	-	-	-	-	426	171,133	786,009	957,142
Transportation and telecommunication	-	-	-	-	-	-	1,863,509	92,506	51,299	15,710	2,348	-	-	-	-	-	90	367,919	1,657,543	2,025,462
Financial institutions	15,386,048	-	-	-	-	8,761,111	2,034,442	13,768	414	292	-	-	-	-	-	10,855	11,270	13,077,507	13,140,693	26,218,200
Real estate and renting service	-	-	-	-	-	-	464,542	20,885	6,996	3,861	8	-	-	-	-	-	97	269,161	227,228	496,389
Self-employment service	-	-	-	-	-	-	1,058,882	33,433	1,380	5,507	32	-	-	-	-	-	49	94,861	1,004,422	1,099,283
Education services	-	-	-	-	-	-	1,187	6,362	10,324	1,310	-	-	-	-	-	-	7	9,961	9,229	19,190
Health and social services	-	-	-	-	-	-	614,273	1,548	6,784	585	-	-	-	-	-	-	21	221,007	402,204	623,211
Other	7,210,435	482,601	-	-	-	6,747	50,742	10,484,179	1,572,450	91,127	325	-	-	-	-	2,498	3,538,252	21,300,434	2,138,922	23,439,356
Total	22,596,483	482,601	-	-	-	8,767,858	28,720,724	13,706,356	2,672,531	453,359	13,883	-	-	-	-	13,353	3,551,561	46,244,488	34,734,221	80,978,709

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.

1- Conditional and unconditional receivables from central governments and Central Banks

2- Conditional and unconditional receivables from regional or local governments

3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises

4- Conditional and unconditional receivables from multilateral development banks

5- Conditional and unconditional receivables from international organizations

6- Conditional and unconditional receivables from banks and brokerage houses

7- Conditional and unconditional receivables from corporates

8- Conditional and unconditional receivables from retail portfolios

9- Conditional and unconditional receivables secured by mortgages

10- Past due receivables

11- Receivables defined under high risk category by BRSA

12- Securities collateralized by mortgages

13- Securitization positions

14- Short-term receivables from banks, brokerage houses and corporates

15- Investments similar to collective investment funds

16- Stock transactions

17- Other receivables

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II. Explanations on consolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

Prior period	Risk categories (**)																	TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
Agriculture	-	-	-	-	-	-	330,461	26,365	4,894	-	4,984	-	-	-	-	-	3	159,623	207,084	366,707	
Farming and raising livestock	-	-	-	-	-	-	177,005	20,789	4,894	-	4,005	-	-	-	-	-	3	133,805	72,891	206,696	
Forestry	-	-	-	-	-	-	30	4,768	-	-	227	-	-	-	-	-	-	5,025	-	5,025	
Fishing	-	-	-	-	-	-	153,426	808	-	-	752	-	-	-	-	-	-	20,793	134,193	154,986	
Manufacturing	-	-	-	-	-	-	14,444,397	1,648,157	553,607	-	158,050	-	-	-	-	-	711	5,542,192	11,262,730	16,804,922	
Mining	-	-	-	-	-	-	3,352,308	23,332	2,600	-	7,048	-	3,352,308	-	-	-	12	80,650	3,304,650	3,385,300	
Production	-	-	-	-	-	-	10,496,671	1,610,026	550,871	-	150,131	-	-	-	-	-	689	5,313,999	7,494,389	12,808,388	
Electricity, gas, water	-	-	-	-	-	-	595,418	14,799	136	-	871	-	-	-	-	-	10	147,543	463,691	611,234	
Construction	-	-	-	-	-	-	1,808,426	183,174	104,927	10	32,072	-	-	-	-	-	-	126	649,515	1,479,220	2,128,735
Services	7,772,610	-	-	-	-	11,091,975	10,845,976	1,466,842	838,704	-	299,647	-	-	-	-	-	13,070	12,368	15,004,378	17,336,814	32,341,192
Wholesale and retail trade	-	-	-	-	-	-	4,063,922	1,156,288	272,368	-	232,345	-	-	-	-	-	-	698	4,200,612	1,525,009	5,725,621
Hotel food, beverage services	-	-	-	-	-	-	525,489	73,332	483,346	-	18,864	-	-	-	-	-	-	361	148,734	952,658	1,101,392
Transportation and telecommunication	-	-	-	-	-	-	1,623,258	149,445	61,933	-	25,719	-	-	-	-	-	-	118	443,826	1,416,647	1,860,473
Financial institutions	7,772,610	-	-	-	-	11,091,975	1,814,154	13,135	1,729	-	669	-	-	-	-	13,070	10,965	9,543,956	11,174,351	20,718,307	
Real estate and renting service	-	-	-	-	-	-	657,813	16,776	10,254	-	6,217	-	-	-	-	-	-	104	307,499	383,665	691,164
Self-employment service	-	-	-	-	-	-	1,420,354	51,096	7,753	-	14,395	-	-	-	-	-	-	89	138,339	1,355,348	1,493,687
Education services	-	-	-	-	-	-	24,960	1,105	636	-	459	-	-	-	-	-	-	11	14,017	13,154	27,171
Health and social services	-	-	-	-	-	-	716,026	5,665	685	-	979	-	-	-	-	-	-	22	207,395	515,982	723,377
Other	4,824,960	942,635	-	-	-	10,874	113,856	10,735,180	1,214,875	132,320	18,544	-	-	-	-	-	-	2,784,668	19,354,530	1,423,382	20,777,912
Total	12,597,570	942,635	-	-	-	11,102,849	27,543,116	14,059,718	2,717,007	132,330	513,297	-	-	-	-	-	13,070	2,797,876	40,710,238	31,709,230	72,419,468

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.

1- Conditional and unconditional receivables from central governments and Central Banks

2- Conditional and unconditional receivables from regional or local governments

3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises

4- Conditional and unconditional receivables from multilateral development banks

5- Conditional and unconditional receivables from international organizations

6- Conditional and unconditional receivables from banks and brokerage houses

7- Conditional and unconditional receivables from corporates

8- Conditional and unconditional receivables from retail portfolios

9- Conditional and unconditional receivables secured by mortgages

10- Past due receivables

11- Receivables defined under high risk category by BRSA

12- Securities collateralized by mortgages

13- Securitization positions

14- Short-term receivables from banks, brokerage houses and corporates

15- Investments similar to collective investment funds

16- Stock transactions

17- Other receivables

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II. Explanations on consolidated credit risk (continued)

10. Term distribution of risks with term structure (*)

Current period Risk categories	Time to maturity						Demand	Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year			
Credit risk weighted assets								
Conditional and unconditional receivables from central governments and Central Banks	14,165,178	190,904	95,655	38,561	7,835,448	270,737	22,596,483	
Conditional and unconditional receivables from regional or local governments	-	-	-	249,913	232,688	-	482,601	
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-	
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	
Conditional and unconditional receivables from banks and brokerage houses	3,215,933	1,201,138	606,952	1,011,646	1,843,193	888,996	8,767,858	
Conditional and unconditional receivables from corporates	1,654,341	1,945,739	2,216,380	4,563,274	10,937,359	7,403,631	28,720,724	
Conditional and unconditional receivables from retail portfolios	462,822	644,643	762,432	1,555,763	9,090,540	1,190,156	13,706,356	
Conditional and unconditional receivables secured by mortgages	13,956	28,468	44,811	97,208	2,084,536	403,552	2,672,531	
Past due receivables	-	-	-	-	-	453,359	453,359	
Receivables defined under high risk category by BRSA	-	-	-	-	-	13,883	13,883	
Securities collateralized by mortgages	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	
Stock transactions	-	-	-	-	-	13,353	13,353	
Other receivables	-	-	-	-	-	3,551,561	3,551,561	
Total	19,512,230	4,010,892	3,726,230	7,516,365	32,023,764	14,189,228	80,978,709	

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

Prior period Risk categories	Time to maturity						Demand	Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year			
Credit risk weighted assets								
Conditional and unconditional receivables from central governments and Central Banks	7,744,108	351,772	1,582,341	193,354	2,723,888	2,107	12,597,570	
Conditional and unconditional receivables from regional or local governments	-	-	53,932	-	888,703	-	942,635	
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-	
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	
Conditional and unconditional receivables from banks and brokerage houses	5,814,125	280,169	411,490	724,555	1,916,883	1,955,627	11,102,849	
Conditional and unconditional receivables from corporates	1,281,836	3,725,139	2,546,528	3,279,371	11,283,402	5,426,840	27,543,116	
Conditional and unconditional receivables from retail portfolios	436,786	554,671	951,831	1,762,882	9,549,349	804,199	14,059,718	
Conditional and unconditional receivables secured by mortgages	11,463	61,113	106,229	245,653	1,830,069	462,480	2,717,007	
Past due receivables	-	-	-	-	-	132,330	132,330	
Receivables defined under high risk category by BRSA	-	-	-	-	-	513,297	513,297	
Securities collateralized by mortgages	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	
Stock transactions	-	-	-	-	-	13,070	13,070	
Other receivables	-	-	-	-	-	2,797,876	2,797,876	
Total	15,288,318	4,972,864	5,652,351	6,205,815	28,192,294	12,107,826	72,419,468	

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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II. Explanations on consolidated credit risk (continued)

11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk categories mentioned in article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Parent Bank uses the ratings provided by international rating firm, Fitch Ratings in the Credit Risk Based Amount calculations as of 31 December 2021. Fitch ratings are used for the risk exposures to banks where the counterparties are resident in abroad. Furthermore, Fitch ratings are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments.

Matching of the risk ratings used in calculations with the credit quality grades stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks is presented below.

Credit quality level	1	2	3	4	5	6
Fitch rating note	AAA and AA-	A+ and A-	BBB+ and BBB-	BB+ and BB-	B+ and B-	CCC+ and below

Risk amounts based on risk weights

Current period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation												112,576
Amount after credit risk mitigation	20,658,694	-	5,056,019	-	5,379,927	12,412,003	34,882,403	2,589,663	-	-	-	112,576
	18,353,322	-	2,361,099	1,569,426	6,288,619	10,367,157	33,787,762	2,500,569	-	-	-	112,576

Prior period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation												108,432
Amount after credit risk mitigation	11,898,893	-	8,236,033	-	3,960,735	15,588,339	32,575,430	160,038	-	-	-	108,432
	12,614,829	-	3,225,812	1,293,912	5,143,826	13,556,627	31,138,545	159,356	-	-	-	108,432

12. Miscellaneous information regarding important sectors or counterparty type

The Parent Bank evaluates its financial assets in 3 stages based on TFRS 9 as explained in section three note VIII. In this respect, the lifetime expected credit losses are recognized for impaired loans (defaulted) and the probability of default is considered as 100%.

When the loan is not defaulted yet, but there is a significant increase in the credit risk since origination date, the lifetime expected credit losses are calculated for these loans (stage 2).

For loans in stage 1, 12-month default probability is calculated. The expected credit loss within 12 months from the date of reporting is recognized in the financial statements.

Current period	Loans (*)		Expected credit losses (TFRS 9)
	Impaired (TFRS 9)		
	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Important sectors / Counterparties			
Agriculture	2,561	18,968	18,052
Farming and raising livestock	2,561	16,509	12,531
Forestry	-	188	100
Fishing	-	2,271	5,421
Manufacturing	1,367,753	425,919	453,568
Mining	2,370	34,254	49,940
Production	1,356,492	385,533	389,605
Electricity, gas, water	8,891	6,132	14,023
Construction	1,709,521	135,110	135,124
Services	3,045,710	695,592	716,482
Wholesale and retail trade	349,015	504,418	406,446
Hotel food, beverage services	872,474	82,505	130,841
Transportation and telecommunication	1,079,163	58,606	82,808
Financial institutions	555	627	16,149
Real estate and lending service	137,432	12,615	18,580
Self-employment service	390,417	29,371	45,367
Education service	8,520	3,695	2,836
Health and social services	208,134	3,755	13,455
Other	1,320,694	462,636	491,899
Total	7,446,239	1,738,225	1,815,125

(*) Represents the distribution of cash loans, factoring receivables and receivables from leasing transactions.

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II. Explanations on consolidated credit risk (continued)

Prior period	Loans (*)		Expected credit losses (IFRS 9)
	Impaired (IFRS 9)		
Important sectors / Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Agriculture	6,020	20,869	18,513
Farming and raising livestock	5,691	18,273	15,715
Forestry	-	310	95
Fishing	329	2,286	2,703
Manufacturing	1,680,115	510,759	552,677
Mining	293,798	43,106	94,251
Production	1,373,207	431,160	412,864
Electricity, gas, water	13,110	36,493	45,562
Construction	868,067	187,921	182,522
Services	2,947,210	977,358	854,690
Wholesale and retail trade	544,813	755,226	572,760
Hotel food, beverage services	555,424	75,423	96,040
Transportation and telecommunication	800,410	78,247	86,922
Financial institutions	119,234	1,293	4,999
Real estate and lending service	186,131	18,608	22,004
Self-employment service	26,412	42,020	41,420
Education service	13,039	2,234	3,069
Health and social services	701,747	4,307	27,476
Other	1,382,746	523,970	489,369
Total	6,884,158	2,220,877	2,097,771

(*) Represents the distribution of cash loans, factoring receivables and receivables from leasing transactions.

13. Information related to value adjustments and credit provisions

Current period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,604,183	345,342	(641,825)	-	1,307,700
Stage 1 and stage 2 provisions (**)	580,810	378,973	(364,519)	-	595,264
Total	2,185,000	724,315	(1,006,344)	-	1,902,971
Prior period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,628,594	820,181	(844,592)	-	1,604,183
Stage 1 and stage 2 provisions (**)	445,990	437,924	(303,104)	-	580,810
Total	2,074,584	1,258,105	(1,147,696)	-	1,936,993

(*) Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

14. Exposures subject to countercyclical capital buffer

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book	Total
Turkey	41,153,392	1,050,419	42,203,811
United Kingdom	118,853	1,156,287	1,275,140
Azerbaijan	549,527	-	549,527
France	66,376	428,843	495,219
USA	42,233	208,912	251,145
Holland	142,223	10,096	152,319
Greece	78,358	-	78,358
Germany	53,249	-	53,249
Romania	43,635	-	43,635
Korea	19,134	-	19,134
Other	54,615	3	54,618
Total	42,321,595	2,854,560	45,176,155

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III. Explanations on consolidated currency risk

Management of foreign currency risk is differentiated on the basis of "Banking Book" and "Trading Book", where trading book is managed in accordance with foreign currency trading position limits as well as value at risk ("VaR") and banking book is also managed in terms of foreign currency position limits scope. The results of limit utilizations are shared periodically with related senior management, Asset Liability Committee, Audit Committee and the Board of Directors. Besides, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Parent Bank for the thirty days before the balance sheet date are 13.7448 (Full TL) and 15.5362 (Full TL) respectively.

The Parent Bank's USD and EUR buying rates as of balance sheet date and five business days prior to this date are as follows:

	1 USD	1 EUR
The Parent Bank's "foreign exchange buying rates" (31 December 2021)	13.4500	15.2335
Previous days;		
30 December 2021	12.9861	14.7184
29 December 2021	12.5210	14.1525
28 December 2021	11.7837	13.3521
27 December 2021	11.3242	12.8099
24 December 2021	11.6994	13.2402

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III. Explanations on consolidated currency risk (continued)

Information related to consolidated currency risk:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	10,985,989	5,355,122	450,151	16,791,262
Banks	421,171	365,262	539,466	1,325,899
Financial assets at fair value through profit or loss	112,536	55,208	-	167,744
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	869	-	-	869
Loans	19,050,529	8,545,937	12,470	27,608,936
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	29	-	-	29
Intangible assets (net)	-	-	-	-
Other assets	10,543	13,479	492	24,514
Total assets	30,581,666	14,335,008	1,002,579	45,919,253
Liabilities				
Bank deposit	62	43,209	-	43,271
Foreign currency deposits	11,560,821	16,563,035	4,589,285	32,713,141
Funds from interbank money market	93,896	-	-	93,896
Borrowings	9,373,236	5,853,598	-	15,226,834
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	2,479,277	230,427	6	2,709,710
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	61,821	78,446	1,047	141,314
Total liabilities	23,569,113	22,768,715	4,590,338	50,928,166
Net on balance sheet position	7,012,553	(8,433,707)	(3,587,759)	(5,008,913)
Net off-balance sheet position	(6,665,508)	8,494,716	3,596,096	5,425,304
Financial derivative assets	9,005,031	23,546,814	5,263,834	37,815,679
Financial derivative liabilities	15,670,539	15,052,098	1,667,738	32,390,375
Non-cash loans	2,735,983	5,000,215	453,332	8,189,530
Prior period				
Total assets	18,067,559	7,284,925	1,545,976	26,898,460
Total liabilities	15,842,504	14,037,267	3,191,328	33,071,099
Net on-balance sheet position	2,225,055	(6,752,342)	(1,645,352)	(6,172,639)
Net off-balance sheet position	(2,017,763)	6,750,343	1,648,073	6,380,653
Financial derivative assets	6,244,111	16,925,699	2,491,775	25,661,585
Financial derivative liabilities	8,261,874	10,175,356	843,702	19,280,932
Non-cash loans	1,915,239	4,885,958	261,745	7,062,942

In the foreign currency risk table:

The principal and accrual amount of the foreign currency indexed loans amounting to TL 19,971 (31 December 2020: TL 51,640) is presented in the loans line.

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III. Explanations on consolidated currency risk (continued)

The foreign currency amounts which are not included in currency risk table according to the regulation about foreign currency net general position/capital adequacy standard ratio are explained below with the order in the table above.

Held-for-trading derivative financial assets: TL 714,905 (31 December 2020: TL 253,845).

Prepaid expenses: TL 29 (31 December 2020: TL 29).

Held-for trading derivative financial liabilities: TL 795,937 (31 December 2020: TL 159,593).

Hedge funds: None (31 December 2020: TL (3,772)).

Interest rate swap (buy) transactions and options (buy): TL 8,790,304 (31 December 2020: TL 6,242,443).

Interest rate swap (sell) transactions and options (sell): TL 8,790,304 (31 December 2020: TL 6,242,443).

Financial derivative assets/ liabilities include the foreign currency buy/sell transactions indicated below.

Forward foreign currency-buy transactions: TL 833,029 (31 December 2020: TL 653,653).

Forward foreign currency-sell transactions: TL 1,025,938 (31 December 2020: TL 705,580).

Sensitivity to currency risk

Table below shows the sensitivity of the Group to a 10% change in USD and EUR rates.

	Percentage change in exchange rates	Effect on profit/loss before tax		Effect on equity (*)	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
USD	10% increase	6,101	(200)	-	-
USD	10% decrease	(6,101)	200	-	-
EURO	10% increase	34,705	20,729	-	(377)
EURO	10% decrease	(34,705)	(20,729)	-	377

(*) Represents effect on equity excluding profit/loss before tax.

IV. Explanations on consolidated interest rate risk

Interest risk, which refers to the loss due to interest sensitive assets and liabilities in balance sheet and off balance sheet items that might be subject to the changes in the interest rate as a result of maturity mismatch, is differentiated and managed on the basis of banking book and trading book as part of compliance with both Basel regulations and other international standards. Within this context, in addition to the value at risk limit for trading book, sensitivity limits against interest rate shocks are defined for trading books and banking books. Capital requirement that relates to market risk is calculated through the Standard Method according to Basel II.

In order to hedge interest rate risk, hedging strategies are applied through off-balance sheet transactions within the limits approved by the Board of Directors, and interest rate risk is managed by ensuring optimum balance between fixed and floating rate assets and liabilities within the balance sheet.

The limit utilizations and sensitivity analysis related to the interest rate risk on the balance sheet are performed regularly and the results are shared with the related senior management, Asset Liability Committee, the Audit Committee and the Board of Directors periodically. Internal analysis for the interest rate risk in the banking books are made on a daily and monthly basis, whereas interest rate risk in the banking books standard ratio is reported to BRSA on a monthly basis.

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IV. Explanations on consolidated interest rate risk (continued)

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	15,742,303	46,062	-	-	-	3,014,109	18,802,474
Banks	406,783	32,000	-	-	-	964,828	1,403,611
Financial assets at fair value through profit and loss	1,262,301	3,304,427	375,439	45,538	32,463	50	5,020,218
Money market placements	2,741,996	-	30,000	-	-	-	2,771,996
Financial assets measured at fair value through other comprehensive income	33,182	99,343	-	1,324,500	-	13,626	1,470,651
Loans	11,301,875	12,711,612	14,845,178	11,975,549	1,001,793	1,784,312	53,620,319
Financial assets measured at amortised cost	13,979	53,991	2,766,602	2,775,222	-	-	5,609,794
Other assets (*)	-	-	-	-	-	(63,393)	(63,393)
Total assets	31,502,419	16,247,435	18,017,219	16,120,809	1,034,256	5,713,532	88,635,670
Liabilities							
Bank deposits	43,098	-	-	-	-	8,118	51,216
Other deposits	35,118,070	3,533,819	328,237	3,126	-	13,582,730	52,565,982
Money market borrowings	2,501,827	-	93,896	-	-	-	2,595,723
Miscellaneous payables	167,499	-	-	-	-	3,310,769	3,478,268
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	8,676,099	5,141,158	1,408,698	325,269	-	-	15,551,224
Other liabilities (**)	909,843	1,018,285	227,361	3,908	-	12,233,860	14,393,257
Total liabilities	47,416,436	9,693,262	2,058,192	332,303	-	29,135,477	88,635,670
Balance sheet long position	-	6,554,173	15,959,027	15,788,506	1,034,256	-	39,335,962
Balance sheet short position	(15,914,017)	-	-	-	-	(23,421,945)	(39,335,962)
Off-balance sheet long position	-	-	549,118	3,123,575	-	-	3,672,693
Off-balance sheet short position	(318,833)	(381,392)	-	-	(150,000)	-	(850,225)
Total position	(16,232,850)	6,172,781	16,508,145	18,912,081	884,256	(23,421,945)	2,822,468

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, current tax asset, deferred tax asset, assets held for sale, expected credit losses and other assets.

(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, taxes payable and equity.

Prior year's information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	7,719,891	7,607	-	-	-	1,382,296	9,109,794
Due from other banks and financial institutions	527,373	10,000	-	-	-	1,286,122	1,823,495
Financial assets at fair value through profit and loss	723,345	1,711,243	128,551	81,557	13,459	62	2,658,217
Money market placements	5,022,936	1,449	-	-	-	-	5,024,385
Available-for-sale financial assets	5,102	20,766	-	569,876	-	13,070	608,814
Loans and receivables	7,402,652	8,030,285	14,050,529	10,713,961	847,543	2,263,540	43,308,510
Held-to-maturity investments	33,547	404,107	1,691,674	2,123,986	-	-	4,253,314
Other assets (*)	-	-	-	-	-	(598,379)	(598,379)
Total assets	21,434,846	10,185,457	15,870,754	13,489,380	861,002	4,346,711	66,188,150
Liabilities							
Bank deposits	1,650,302	-	-	-	-	12,634	1,662,936
Other deposits	28,820,149	1,588,399	125,616	-	-	7,933,783	38,467,947
Money market borrowings	9,438	-	-	57,784	-	-	67,222
Miscellaneous payables	161,221	-	-	-	-	416,079	577,300
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	7,643,925	4,660,508	1,002,827	482,044	-	-	13,789,304
Other liabilities (**)	469,643	367,884	357,048	1,302	-	10,427,564	11,623,441
Total liabilities	38,754,678	6,616,791	1,485,491	541,130	-	18,790,060	66,188,150
Balance sheet long position	-	3,568,666	14,385,263	12,948,250	861,002	-	31,763,181
Balance sheet short position	(17,319,832)	-	-	-	-	(14,443,349)	(31,763,181)
Off-balance sheet long position	-	1,100,645	656,959	341,014	-	-	2,098,618
Off-balance sheet short position	(339,878)	-	-	-	(30,000)	-	(369,878)
Total position	(17,659,710)	4,669,311	15,042,222	13,289,264	831,002	(14,443,349)	1,728,740

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, current tax asset, deferred tax asset, assets held for sale, expected credit losses and other assets.

(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, lease payables, taxes payable and equity.

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IV. Explanations on consolidated interest rate risk (continued)

2. Current period average interest rates applied to monetary financial instruments by the Group

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	8.50
Banks	(0.09)	0.04	-	7.79
Financial assets at fair value through profit and loss	2.48	5.93	-	12.87
Money market placements	-	-	-	13.50
Financial assets measured at fair value through other comprehensive income	-	-	-	15.95
Loans	3.14	4.10	-	18.69
Financial assets measured at amortised cost	-	-	-	15.55
Liabilities				
Bank deposits	-	0.25	-	-
Other deposits	0.26	0.39	-	13.56
Money market borrowings	-	-	-	13.98
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.63	1.58	-	13.58

Prior period average interest rates applied to monetary financial instruments by the Group

Prior period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	12.00
Due from other banks and financial institutions	0.41	0.10	-	16.86
Financial assets at fair value through profit and loss	2.34	5.87	-	10.48
Money market placements	-	-	-	18.15
Financial assets available-for-sale	-	-	-	14.74
Loans and receivables	2.89	4.06	-	13.93
Held-to-maturity investments	-	-	-	13.87
Liabilities				
Bank deposits	(0.47)	0.08	-	-
Other deposits	0.12	0.56	-	12.69
Money market borrowings	-	-	-	11.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.55	1.63	-	3.13

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V. Explanations on equity securities position risk derived from consolidated banking books

1. Explanations on accounting policies for equity investments in subsidiaries and associates

Accounting policies for equity investments in subsidiaries and associates are disclosed in section III disclosure III.

2. Comparison of carrying value, fair value and market value of equity investments

Current period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Equity investments	-	-	-
Not quoted	13,626	3,196	3,196
Equity investments	13,626	3,196	3,196
Financials subsidiaries	-	-	-
Financials subsidiaries	-	-	-
Prior period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Equity investments	-	-	-
Not quoted	13,070	3,196	3,196
Equity investments	13,070	3,196	3,196
Financials subsidiaries	-	-	-
Financials subsidiaries	-	-	-

(*) Only equity investments having market value are presented under "Fair Value" column.

3. Information on realized gains or losses on revaluation of securities, revaluation surplus and unrealized gains or losses and their included amounts in core and additional capital

Current period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the additional capital	Total	Including into the core capital
Private equity investments	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)
Total	-	127	-	(254)	(254)
Prior period	Realized gains/losses during the period	Total	Including into the supplementary capital	Total	Including into the core capital
Private equity investments	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)
Total	-	127	-	(254)	(254)

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	13,626	13,626	1,090
Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	13,070	13,070	1,046

(*) The amount is calculated by using standard method within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to consolidated liquidity risk

a. Information on liquidity risk management, such as risk capacity, responsibilities and the structure of liquidity risk management, the Parent Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

A policy ("Market Risk Management Policy") was established which includes actions to be taken and practices that might be applied in business as usual and stressed conditions for liquidity risk management and responsibilities of the senior management. This policy has been approved by the Asset Liability Committee and by the Board of Directors. Within the scope of this policy, the liquidity risk is managed by Asset Liability Committee where senior representatives of businesses are members of the Committee.

In accordance with the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is unpledged, has been defined. In addition, the Contingency Capital and Funding Plan was established to be implemented in times of stress. Besides, liquidity risk appetite (that is approved by Asset Liability Committee and Board of Directors) has been established in order to enable monitoring and managing the risk quantitatively. The relevant parameters are analyzed regularly and reported to the members of Asset Liability Committee and Board of Directors.

Furthermore, the Parent Bank's liquidity buffer is evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group's common policies on market risk and global regulations (Internal Liquidity Adequacy Assessment Process / ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, there is also the Risk Control Self- Assessment process still within scope of ILAAP, comprehensive assessments are performed related to liquidity risk, and after the relevant risks are identified, and their potential financial impact on the Parent Bank's operations and the impact on risk metrics is assessed periodically.

To ensure proactive management of funding liquidity risk, risk thresholds specified on the deposit flows are monitored. The Contingency Capital and Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Capital and Funding Plan monitoring metrics can trigger decision-making conditions on whether the Parent Bank will implement the Contingency Capital and Funding Plan in order to anticipate the potential development in liquidity stressed conditions.

b. Information on the centralization degree of liquidity management and funding strategy and the functioning between the Parent Bank and the Parent Bank's subsidiaries

The liquidity risk of the Bank is managed by the Asset Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. In order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is shared with the Asset Liability Committee. According to the limits that are approved by the Board of Directors, liquidity gap and surplus are monitored and actions are taken in accordance with the price, interest rate and maturity structure.

c. Information on the Parent Bank's funding strategy including the policies on funding types and variety of maturities

As for the funding diversification; short, medium and long term targets are determined in parallel to business line planning as part of the budgeting process in the Bank. Besides, the Bank's funding capacity is monitored regularly, and shared with Asset Liability Committee and Board of Directors. In this way, the factors which may affect the ability to create additional funding and the validity of the estimated funding capacity can be monitored closely by senior management.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

ç. Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Parent Bank's total liabilities

Almost all of the Parent Bank's liabilities are in TL, USD or EUR, and TL funds consist of mainly equity and deposits. The Parent Bank's liquidity in TL is managed via repo / reverse repo transactions with / in CBRT/BIST using high quality securities owned by the Parent Bank. While the main purpose is using liabilities in TL to fund TL assets, the necessary FX swap transactions and FC funds are used in creating assets in TL within the limits that is approved by the Board of Directors. Foreign currency funds are obtained through FC deposit and foreign based FC borrowings including syndications. Liquidity shortage/surplus are calculated on a daily basis by Asset Liability Management and these figures are reported to the related Asset Liability Committee members. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all related units and senior management, and reported separately to Asset Liability Committee and Board of Directors. The Parent Bank has TL/FC borrowing limits ready to use in CBRT and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of maturity mismatch and funding diversity. Within this context, syndication, other foreign funding, parent funding and other domestic funding facilities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Contingency Capital and Funding Plan monitoring indicators are continuously monitored and reported regularly to Asset Liability Committee and Board of Directors. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inflows and outflows, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, a set of mitigating actions was set in the Contingency Capital and Funding Plan to bring the Parent Bank's liquidity buffer back to reasonable levels during the crisis period. The important factors that will support the decision making mechanism, including the feasibility of these actions depending on the financial impact and stress scenarios, execution time of the actions are also explained.

e. Information on the use of stress tests

The Parent Bank has a written liquidity stress testing procedure which includes the implementation of stress testing and responsibilities that is approved by Asset Liability Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Directorate plans, designs, manages the stress tests, reports the results to Asset Liability Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios of the Parent Bank consider Bank specific, market-wide and combined scenario, and reflect short term or long term consequences, are used in stress testing where the scenario and parameters are reviewed annually with the participation of the Asset and Liability Management and related business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Capital and Funding Plan.

f. Overview on contingency funding plan

The Parent Bank has established the Contingency Capital and Funding Plan that was approved by Asset Liability Committee and Board of Directors, which includes the policies, methods and responsibilities of senior management and business lines that can be applied in stressed situations or in liquidity shortages. In addition, as an early warning of liquidity shortage or an unexpected situation, contingency capital and funding plan monitoring indicators are monitored and presented to the ALCO members monthly and to the Board of Directors (per meeting) by the Market Risk Management and Product Control Directorate. The effective internal and external communication channels and a liquidity contingency team are defined in order to ensure the liquidity contingency management and implement management actions of the plan. Monitoring metrics of the contingency capital and funding plan are reviewed annually in terms of changes in market and stress conditions.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

2. Liquidity coverage ratio

In accordance with BRSA's "Regulation on Banks' Liquidity Coverage Ratio Calculation", promulgated in the Official Gazette, No. 28948, dated 21 March 2014, the Parent Bank calculates and shares the Consolidated Liquidity Coverage Ratio to BRSA on a monthly basis Consolidated Liquidity Coverage Ratio is above the values stated in the regulation.

Dates and values of the lowest and highest FC and total liquidity coverage ratio calculated monthly over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	216.58%	31 December 2021	277.89%	31 October 2021
FC	195.90%	31 October 2021	249.73%	31 December 2021

Liquidity coverage ratio

Current period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
High quality liquid assets				
High quality liquid assets			23,985,992	13,805,738
Cash Outflows				
Real person and retail deposits	41,074,167	19,832,786	3,603,417	1,983,278
Stable deposits	10,079,999	-	504,000	-
Less stable deposits	30,994,168	19,832,786	3,099,417	1,983,278
Unsecured funding other than real person and retail deposits	13,015,956	8,748,880	8,225,511	5,214,701
Operational deposits	75,498	12,255	18,875	3,063
Non-operational deposits	10,156,754	8,025,826	5,498,623	4,524,110
Other unsecured debt	2,783,704	710,799	2,708,013	687,528
Secured funding			-	-
Other cash outflows	18,010,104	9,947,360	8,728,605	4,895,330
Derivative exposures and collateral completion liabilities	7,034,467	3,575,042	7,034,467	3,575,042
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	10,975,637	6,372,318	1,694,138	1,320,288
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			20,557,533	12,093,309
Cash inflows				
Secured lending	2,689,870	-	-	-
Unsecured lending	6,177,414	2,297,527	4,066,033	1,829,370
Other cash inflows	7,186,079	3,919,415	6,842,903	3,912,023
Total cash inflows	16,053,363	6,216,942	10,908,936	5,741,393
			Total adjusted value	
Total high quality liquid assets stock			23,985,992	13,805,738
Total net cash outflows			9,648,597	6,351,916
Liquidity coverage ratio (%)			252.98	220.52

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on monthly simple arithmetic averages.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

Prior period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
High quality liquid assets				
High quality liquid assets			15,540,632	7,680,175
Cash Outflows				
Real person and retail deposits	32,286,694	14,491,076	2,728,268	1,449,108
Stable deposits	10,008,033	-	500,402	-
Less stable deposits	22,278,661	14,491,076	2,227,866	1,449,108
Unsecured funding other than real person and retail deposits	10,624,458	6,815,625	7,082,030	4,369,326
Operational deposits	58,102	6,556	14,525	1,639
Non-operational deposits	7,962,701	6,144,919	4,542,445	3,712,749
Other unsecured debt	2,603,655	664,150	2,525,060	654,938
Secured funding			-	-
Other cash outflows	19,583,421	10,909,484	9,246,441	4,728,594
Derivative exposures and collateral completion liabilities	7,372,989	3,220,358	7,372,989	3,220,358
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	12,210,432	7,689,126	1,873,452	1,508,236
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			19,056,739	10,547,028
Cash inflows				
Secured lending	2,048,130	-	-	-
Unsecured lending	5,035,760	2,338,109	3,422,675	1,918,379
Other cash inflows	7,298,209	4,459,584	7,004,631	4,454,292
Total cash inflows	14,382,099	6,797,693	10,427,306	6,372,671
			Total adjusted value	
Total high quality liquid assets stock			15,540,632	7,680,175
Total net cash outflows			8,629,433	4,176,416
Liquidity coverage ratio (%)			180.70	190.01

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on monthly simple arithmetic averages.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

3. Other explanations on consolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Group, the liquid assets are managed by using "Liquidity Coverage Ratio" calculations to monitor the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet the net cash outflows. Liquidity coverage ratio is calculated as per the Regulation on Banks' Liquidity Coverage Ratio Calculation. The ratio is affected from Group's unpledged high quality liquid asset value that can be converted to cash any time and the possible cash inflows and outflows arising from assets, liability and off balance sheet items of the Group.

The Group evaluates cash equivalents, time and demand deposit accounts held in Central Bank of Turkey, reserve requirements and the unencumbered securities issued by the Treasury as high quality liquid assets.

The primary sources to meet the liquidity needs of the Group are funds from interbank money market or repurchasing agreements or direct sales of the HTC&S portfolio. Besides the borrowing from the parent company in the medium and long term, in order to manage concentration risk with respect to funding resources, the Bank aims to reduce maturity mismatch and mitigate the liquidity risk by taking actions aiming to increase diversification in funding resources. A strategy in targeting small ticket size on the deposits is implemented as another element of the strategy to mitigate the concentration risk.

Although the Group's wide range and small ticket size deposit structure including Orange Account represents a short term funding source parallel to the sector it renews itself at the maturity date and remains in the Group for a longer period compared to its original maturity.

Details of the Group's foreign currency balance sheet as of 31 December 2021 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 29% of the Group's total foreign currency liabilities consist of funds obtained from other financial institutions and 63% is composed of deposits. Loans, factoring receivables and leasing receivables comprise 59% and cash and cash equivalents comprise 39% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Group's Turkish Lira balance sheet as of 31 December 2021 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 54% of the Group's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Group has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 58% of the assets in Turkish Lira balance sheet are net loans, factoring receivables and leasing receivables, 17% are marketable securities.

The cash flows from derivative financial instruments are included in LCR calculations according to the terms of regulation. The Parent Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

The liquidity shortages and surpluses of consolidated subsidiaries of the Parent Bank are regularly monitored and managed. There are no operational or legal constraints preventing liquidity transfer. In the analyses made, it is seen that the impact of subsidiaries on the liquidity profile of the Parent Bank is limited compared to the size of the balance sheet.

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

4. Breakdown of assets and liabilities according to their outstanding maturities

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	8,205,591	10,596,883	-	-	-	-	-	18,802,474
Banks	1,326,707	44,904	32,000	-	-	-	-	1,403,611
Financial assets at fair value through profit or loss	-	933,391	1,442,421	1,924,202	687,691	32,463	50	5,020,218
Money market placements	-	2,741,996	-	30,000	-	-	-	2,771,996
Financial assets measured at fair value through other comprehensive income	-	5,954	5,699	24,481	1,415,583	5,308	13,626	1,470,651
Loans	46,087	10,744,525	5,363,232	15,544,467	18,670,931	1,512,852	1,738,225	53,620,319
Financial assets measured at amortised cost	-	13,979	53,991	203,477	5,338,347	-	-	5,609,794
Other assets (*)	-	-	-	-	-	-	(63,393)	(63,393)
Total assets	9,578,385	25,081,632	6,897,343	17,726,627	26,112,552	1,550,623	1,688,508	88,635,670
Liabilities								
Bank deposits	8,176	43,040	-	-	-	-	-	51,216
Other deposits	13,582,730	35,118,070	3,533,819	328,237	3,126	-	-	52,565,982
Borrowings	-	533,960	1,176,506	7,740,894	5,671,422	428,442	-	15,551,224
Funds from interbank money market	-	2,501,827	-	93,896	-	-	-	2,595,723
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	2,931,288	-	-	-	-	-	546,980	3,478,268
Other liabilities (**)	-	636,975	312,683	569,265	640,474	-	12,233,860	14,393,257
Total liabilities	16,522,194	38,833,872	5,023,008	8,732,292	6,315,022	428,442	12,780,840	88,635,670
Liquidity deficit/surplus	(6,943,809)	(13,752,240)	1,874,335	8,994,335	19,797,530	1,122,181	(11,092,332)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	470,479	1,083,015	1,238,479	40,208	-	-	2,832,181
Derivative financial liabilities	-	21,943,029	12,179,118	12,797,159	10,295,712	150,000	-	57,365,018
Derivative financial liabilities	-	21,472,550	11,096,103	11,558,680	10,255,504	150,000	-	54,532,837
Non-cash loans	51,004	236,246	3,391,235	3,404,425	1,268,057	1,209,909	-	9,560,876
Prior period								
Total assets	5,769,339	15,834,021	6,506,677	16,797,604	18,753,294	891,030	1,636,185	66,188,150
Total liabilities	9,999,343	30,931,588	3,350,391	2,498,536	8,633,148	73,596	10,701,548	66,188,150
Liquidity deficit/surplus	(4,230,004)	(15,097,567)	3,156,286	14,299,068	10,120,146	817,434	(9,065,363)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	(12,257)	66,341	580,980	1,077,141	-	-	1,712,205
Derivative financial assets	-	16,535,293	6,056,788	10,651,521	8,622,822	270,000	-	42,136,424
Derivative financial liabilities	-	16,547,550	5,990,447	10,070,541	7,545,681	270,000	-	40,424,219
Non-cash loans	140,083	357,434	3,232,615	2,798,163	842,651	1,049,429	-	8,420,375

(*) Unallocated column in other assets mainly consists of other assets that are necessary for banking activities and that cannot be liquidated in the short term as tangible assets, intangible assets, assets held for sale, expected credit losses and other assets.

(**) Unallocated column in other liabilities mainly consists of provisions, taxes payables, other foreign liabilities and shareholders' equity.

5. Breakdown of liabilities according to their remaining contractual maturities

The remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	13,590,906	35,176,306	3,583,307	354,580	3,480	-	52,708,579	(91,381)	52,617,198
Funds borrowed from other financial institutions	-	533,960	1,177,224	7,752,587	5,689,201	432,717	15,585,689	(34,465)	15,551,224
Funds from interbank money market	-	2,505,463	-	93,896	-	-	2,599,359	(3,636)	2,595,723
Securities issued	-	-	-	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-	-	-
Prior period									
Liabilities									
Deposits	9,696,027	28,748,466	1,607,249	129,759	-	-	40,181,501	(50,618)	40,130,883
Funds borrowed from other financial institutions	-	1,800,807	1,566,403	2,193,042	8,267,466	27,721	13,855,439	(66,135)	13,789,304
Funds from interbank money market	-	9,449	-	-	57,784	-	67,233	(11)	67,222
Securities issued	-	-	-	-	-	-	-	-	-
Factoring payables	-	395	246	-	-	-	641	-	641

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VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

6. Breakdown of derivative instruments according to their remaining contractual maturities

Current period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)						
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	19,248	68,451	470,204	3,155,500	394,709	4,108,112
Buying transactions	9,723	49,437	264,076	1,607,960	190,801	2,121,997
Selling transactions	9,525	19,014	206,128	1,547,540	203,908	1,986,115
Transactions for foreign net investment hedge (III)						
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	19,248	68,451	470,204	3,155,500	394,709	4,108,112
Derivative transactions held for trading						
Trading transactions (I)						
Forward foreign currency transactions – buy	43,386,984	23,301,479	14,948,710	2,443,188	-	84,080,361
Forward foreign currency transactions – sell	3,135,008	4,205,604	3,304,926	97,553	-	10,743,091
Swap transactions- buy	3,232,843	4,261,068	3,311,450	101,547	-	10,906,908
Swap transactions – sell	16,321,644	7,535,010	4,793,290	1,165,273	-	29,815,217
Foreign currency options – buy	15,732,365	6,406,011	3,539,044	1,078,815	-	26,756,235
Foreign currency options – sell	2,467,226	445,523	-	-	-	2,912,749
Foreign currency futures – buy	2,497,898	448,263	-	-	-	2,946,161
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	189,812	311,776	11,107,132	16,919,337	-	28,528,057
Interest rate swap - buy	90,209	161,219	5,581,477	8,473,651	-	14,306,556
Interest rate swap - sell	99,603	150,557	5,525,655	8,445,686	-	14,221,501
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-	-	-
B. Total trading derivative transactions (I+II+III)	43,576,796	23,613,255	26,055,842	19,362,525	-	112,608,418
Derivative transaction total (A+B)	43,596,044	23,681,706	26,526,046	22,518,025	394,709	116,716,530
Prior period						
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)						
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	17,804	41,118	1,525,823	2,240,558	602,597	4,427,900
Buying transactions	6,661	30,157	748,153	1,077,718	283,808	2,146,497
Selling transactions	11,143	10,961	777,670	1,162,840	318,789	2,281,403
Transactions for foreign net investment hedge (III)						
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	17,804	41,118	1,525,823	2,240,558	602,597	4,427,900
Derivative transactions held for trading						
Trading transactions (I)						
Forward foreign currency transactions – buy	32,395,535	11,217,646	9,824,330	6,056,977	-	59,494,488
Forward foreign currency transactions – sell	1,953,062	1,472,472	1,691,201	191,372	-	5,308,107
Swap transactions- buy	1,907,484	1,425,477	1,595,002	198,022	-	5,125,985
Swap transactions – sell	12,504,742	4,159,993	3,495,285	3,411,323	-	23,571,343
Foreign currency options – buy	12,544,445	4,152,991	3,042,842	2,256,260	-	21,996,538
Foreign currency options – sell	1,715,422	3,312	-	-	-	1,718,734
Foreign currency futures – buy	1,770,380	3,401	-	-	-	1,773,781
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	883,782	1,112,582	11,006,308	9,473,675	89,140	22,565,487
Interest rate swap - buy	440,040	548,708	5,486,454	4,700,351	45,690	11,221,243
Interest rate swap - sell	443,742	563,874	5,519,854	4,773,324	43,450	11,344,244
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-	-	-
B. Total derivative transactions held for trading (I+II+III)	33,279,317	12,330,228	20,830,638	15,530,652	89,140	82,059,975
Derivative transaction total (A+B)	33,297,121	12,371,346	22,356,461	17,771,210	691,737	86,487,875

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VII. Explanations on consolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 31 December 2021, the Group's consolidated leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 10% (31 December 2020: 10.70%). This ratio is above the minimum ratio of 3%. While the capital increased by 11% mainly as a result of increase in net profits, total risk amount increased by 20% compared to the prior period Therefore, the current period leverage ratio decreased by 70 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	129,798,377	105,931,331
The difference between total amount of asset in the consolidated financial statements prepared in accordance with TAS and the communiqué on preparation of consolidated financial statements of banks	41,342	64,005
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the communiqué on preparation of consolidated financial statements of banks	(25,377,073)	(18,586,945)
The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the communiqué on preparation of consolidated financial statements of banks	221,089	112,236
The difference between total amount and total risk amount of off-balance sheet transactions in the communiqué on preparation of consolidated financial statements of banks	-	-
The other differences between amount of assets and risk in the communiqué on preparation of consolidated financial statements of banks	(74,324)	(86,548)
Total exposures	104,609,411	87,434,079

(*) Consolidated financial statements are prepared based on Article No 5 of Clause No 6 in the Communiqué on Preparation of Consolidated Financial Statements of Banks.

(**) The amounts in the table represents the average of last three months.

Explanations on leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
<i>On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)</i>	84,531,392	68,090,997
<i>Asset deducted from core capital</i>	(74,324)	(86,548)
The total amount of risk on-balance sheet exposures	84,457,068	68,004,449
Derivative financial instruments and credit derivative exposures		
<i>Replacement cost associated with derivative financial instruments and credit derivatives</i>	3,951,916	3,027,462
<i>The potential credit risk amount of derivative financial instruments and credit derivatives</i>	226,931	470,284
The total risk amount of derivative financial instruments and credit derivatives	4,178,847	3,497,746
Securities or commodity guaranteed financing transactions		
<i>Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)</i>	221,089	112,236
<i>Risk amount of exchange brokerage operations</i>	-	-
The total risk amount of securities or commodity collateral financing transactions	221,089	112,236
Off-balance sheet items		
<i>Gross notional amount for off-balance sheet items</i>	15,752,407	15,819,648
<i>Adjustments for conversion to credit equivalent amounts</i>	-	-
The total amount of risk for off-balance sheet items	15,752,407	15,819,648
Capital and total exposures		
Core capital	10,387,050	9,354,129
Total exposures	104,609,411	87,434,079
Leverage ratio		
Leverage ratio	10.00	10.70

(*) The amounts in the table represents the average of last three months.

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VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost (financial assets available for sale in the prior period) are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities:

	Carrying value	Fair value	Carrying value	Fair value
	Current period	Current period	Prior period	Prior period
Financial assets	62,933,227	61,332,093	52,894,324	51,590,487
Money market placements	2,771,996	2,768,295	5,024,385	5,023,185
Due from banks	1,403,611	1,403,087	1,823,495	1,822,863
Financial assets at fair value through other comprehensive income	1,343,367	1,343,367	582,946	582,946
Financial assets measured at amortised cost	5,609,059	5,607,549	4,252,759	4,382,198
Loans	50,990,972	49,415,533	39,915,553	38,428,935
Factoring receivables	-	-	504,021	537,911
Leasing receivables	814,222	794,262	791,165	812,449
Financial liabilities	74,403,938	72,523,139	54,794,426	53,195,379
Bank deposits	51,216	51,156	1,662,936	1,661,610
Other deposits	52,565,982	50,590,889	38,467,947	36,828,052
Funds borrowed	15,551,224	15,672,671	13,789,304	13,831,486
Money market borrowings	2,595,723	2,592,737	67,222	67,214
Securities issued	-	-	-	-
Miscellaneous payables	3,478,268	3,454,161	577,300	577,300
Liabilities from leasing transactions	161,525	161,525	229,076	229,076
Factoring payables	-	-	641	641

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities:

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities

Level 2: Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the Level 1

Level 3: Data not based on observable data regarding assets or liabilities

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VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value in financial statements as of 31 December 2021 and 31 December 2020 is presented in the table below:

Current period	Level 1	Level 2	Level 3	Total
Total assets	1,504,619	4,972,624	13,626	6,490,869
Financial assets at fair value through profit or loss	174,878	4,845,340	-	5,020,218
Government debt securities	174,828	-	-	174,828
Trading derivative financial assets	-	4,845,340	-	4,845,340
Equity instruments	50	-	-	50
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	1,329,741	-	13,626	1,343,367
Equity instruments	-	-	13,626	13,626
Government debt securities	1,329,741	-	-	1,329,741
Hedging derivative financial assets	-	127,284	-	127,284
Cash flow hedges	-	127,284	-	127,284
Total liabilities	-	1,997,872	-	1,997,872
Trading derivative financial liabilities	-	1,986,804	-	1,986,804
Hedging derivative financial liabilities	-	11,068	-	11,068
Cash flow hedges	-	11,068	-	11,068
Prior period	Level 1	Level 2	Level 3	Total
Total assets	675,681	2,578,280	13,070	3,267,031
Financial assets at fair value through profit or loss	105,805	2,552,412	-	2,658,217
Government debt securities	105,743	-	-	105,743
Trading derivative financial assets	-	2,552,412	-	2,552,412
Equity instruments	62	-	-	62
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	569,876	-	13,070	582,946
Equity instruments	-	-	13,070	13,070
Government debt securities	569,876	-	-	569,876
Hedging derivative financial assets	-	25,868	-	25,868
Cash flow hedges	-	25,868	-	25,868
Total liabilities	-	966,160	-	966,160
Trading derivative financial liabilities	-	848,993	-	848,993
Hedging derivative financial liabilities	-	117,167	-	117,167
Cash flow hedges	-	117,167	-	117,167

There are no transfers between the 1st and the 2nd levels as of 31 December 2021 and 31 December 2020.

The movement table of financial assets at Level 3 is presented below.

	Current period	Prior period
Balance at the end of the prior period	13,070	11,390
Purchases	-	1,596
Redemption / sale	-	-
Valuation difference	556	84
Transfers	-	-
Balance at the end of the current period	13,626	13,070

IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions

The Group performs purchase, sale, custody, and fund management services on behalf of its customers, and information about these transactions are shown in the off-balance sheet statement.

The Group has no trust transactions.

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X. Explanations on presentation of financial assets and liabilities at their fair values

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, promulgated in the Official Gazette, No. 29511, dated 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for credit risk in the calculation of capital adequacy by the Parent Bank, tables required by Internal Rating Based approach ("IRB") are not presented.

1. General explanations on Parent Bank's risk management and risk weighted assets

a. Group's risk management approach

The Parent Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Parent Bank is based on three lines of defence model.

First line of defence

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

Second line of defence

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence in terms of implementation, training, advising, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. The Parent Bank's Risk Management consists of Financial Risk Management, Operational and Information Risk Management, Compliance departments and reports to the Audit Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Control, Validation, Risk&Capital Integration and Reporting departments.

Third line of defence

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risks based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, Asset Liability Committee, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore, credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and also for internal purposes are performed to evaluate the possible risks under adverse market conditions. In this stress test, all kinds of financial risks that can be faced by the Parent Bank are taken into account and evaluated under adverse and extremely adverse scenarios. Also reverse stress test is performed which defines the conditions that the Parent Bank's regulatory limits is breached. The Parent Bank prepares stress test reports within the context of ICAAP on a consolidated basis as per the guideline, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Parent Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible adverse incidents or adverse situations.

It is aimed that all important risks are defined and relations between them are established in order to perform sensitivity analyses in the most effective manner throughout the Parent Bank. Accordingly, the Parent Bank performs the stress test together with all relevant units in a consolidated manner.

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X. Explanations on consolidated risk management (continued)

Detailed explanations on the Parent Bank's risk appetite and credit risk can be found in section "Credit Risk", and detailed explanations on market risk can be found in section "Market Risk" while detailed explanations on operational risk can be found in section "Operational Risk".

b. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Prior period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	46,499,464	43,447,018	3,719,957
Standardized approach (SA)	46,499,464	43,447,018	3,719,957
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	3,346,671	1,955,729	267,734
Standardized approach for counterparty credit risk (SA-CCR)	3,346,671	1,955,729	267,734
Internal model method	-	-	-
Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies – look-through approach	-	-	-
Investments made in collective investment companies – mandate-based approach	-	-	-
Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
Settlement Risk	-	-	-
Securitization positions in banking accounts	-	-	-
IRB ratings-based approach (RBA)	-	-	-
IRB Supervisory Formula Approach (SFA)	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	709,200	366,613	56,736
Standardized approach (SA)	709,200	366,613	56,736
Internal model approaches (IMM)	-	-	-
Operational risk	7,656,887	7,283,868	612,551
Basic indicator approach	7,656,887	7,283,868	612,551
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	58,212,222	53,053,228	4,656,978

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X. Explanations on consolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

	Revalued amount in accordance with TAS						
	Revalued amount in accordance with TAS as reported in published financial statements	Revalued amount in accordance with TAS under scope of regulatory consolidation	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with Central Bank	18,802,474	18,802,474	18,802,474	-	-	-	-
Financial assets at fair value through profit and loss	5,020,218	4,943,126	-	4,845,340	-	5,020,218	-
Banks	1,403,611	1,403,611	1,403,611	-	-	-	-
Money market placements	2,771,996	2,771,996	170,970	2,601,026	-	-	-
Financial assets measured at fair value through other comprehensive income	1,343,367	1,341,772	1,343,367	-	-	-	-
Financial assets measured at amortised cost	5,609,794	5,609,794	5,609,794	-	-	-	-
Expected credit losses (-)	3,523	300,643	-	-	-	-	3,523
Loans (Net)	51,804,459	52,206,619	52,349,336	-	-	-	(536,138)
Loans	51,067,872	51,277,187	51,067,872	-	-	-	8,739
Lease receivables	814,222	814,222	814,222	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Non performing receivables	1,738,225	1,738,225	1,738,225	-	-	-	-
Expected credit losses (-)	1,815,860	1,623,015	1,270,983	-	-	-	544,877
Associates (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-	-
Derivative financial assets held for hedging	127,284	137,865	-	127,284	-	-	-
Tangible assets (net)	671,095	997,802	627,743	-	-	-	43,352
Intangible assets (net)	34,294	34,294	-	-	-	-	34,946
Investment property (net)	-	-	-	-	-	-	-
Tax asset	202,559	199,282	47	-	-	-	202,512
Property and equipment held for sale and related to discontinued operations (net)	660	660	660	-	-	-	-
Other assets	847,382	875,670	859,476	-	-	-	(12,094)
Total assets	88,635,670	89,024,322	81,167,478	7,573,650	-	5,020,218	(270,945)
Liabilities							
Deposit	52,617,198	52,617,198	-	-	-	-	52,617,198
Derivative financial liabilities at fair value through profit or loss	1,986,804	2,016,974	-	-	-	-	1,986,804
Loans received	15,551,224	15,760,539	-	-	-	-	15,551,224
Money market funds	2,595,723	2,501,827	-	2,595,723	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Lease payables	161,525	161,525	-	-	-	-	161,525
Derivative financial liabilities at fair value through other comprehensive income	11,068	23,912	-	-	-	-	11,068
Provisions	281,288	261,277	36,717	-	-	-	218,931
Tax liability	625,461	629,562	-	-	-	-	636,498
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
Other liabilities	3,996,360	3,984,606	-	-	-	-	-
Shareholders' equity	10,809,019	11,066,902	-	-	-	-	10,799,888
Total liabilities	88,635,670	89,024,322	36,717	2,595,723	-	-	81,983,136

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X. Explanations on consolidated risk management (continued)

b. Main differences between risk amounts and the amounts revalued in accordance with TAS financial statement

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	88,906,615	81,167,478	-	7,573,650	5,020,218
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	6,652,534	36,717	-	2,595,723	-
Total net amount under scope of regulatory consolidation	82,254,081	81,130,761	-	4,977,927	5,020,218
Off-balance sheet amount	14,174,007	5,214,658	-	5,577,595	-
Differences due to risk mitigation	-	(294,123)	-	(5,196,747)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Parent Bank	-	-	-	-	(4,311,018)
Effect of average exchange rate (**)	-	(16,182,117)	-	-	-
Exposure amounts	-	69,869,179	-	5,358,775	709,200

(*) The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", is represented in "Subject to market risk framework" column are presented.

(**) It shows the average exchange rate effect used in the calculation of credit risk within the scope of the BRSA's letter dated 21 December 2021.

c. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

3. Explanations about credit risk

3.1. General Information on Credit Risk

a. General Qualitative Information on Credit Risk

The Parent Bank's Credit Risk Management reports to the Audit Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Risk&Capital Integration and Reporting Department. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based Method and TFRS 9 calculations and the integration of rating models in the bank systems. Risk&Capital Integration is responsible to form ICAAP process to carry out stress testing, IRB calculations.

Risk appetite expresses the total risk level assumed by the Parent Bank in order to realise its strategies. To ensure that the Parent Bank's risk appetite is equal to or below risk capacity, in general there is a buffer between the risk capacity and risk appetite. The Parent Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Parent Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Parent Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Audit Committee and presented by the Audit Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

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X. Explanations on consolidated risk management (continued)

The Parent Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Model Risk Management team under Financial Risk Management in addition to the teams developing the models.

b. Credit quality of assets

	Gross carrying values of (according to TAS)		Provisions / amortization and impairment	Net values
	Defaulted	Non-defaulted		
Loans	1,738,225	51,882,094	1,815,125	51,805,194
Debt securities (*)	-	6,939,535	9,866	6,929,669
Off-balance sheet exposures	295,715	14,886,083	62,357	15,119,441
Total	2,033,940	73,707,712	1,887,348	73,854,304

(*) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

c. Changes in stock of defaulted loans and debt securities

	Current period	Prior Period
Defaulted loans and debt securities at the end of the previous reporting period	2,220,877	2,973,616
Loans and debt securities defaulted since the last reporting period	329,484	246,666
Transferred to non-defaulted status	-	-
Amounts written off (*)	(357,487)	(337,706)
Other changes (**)	(454,649)	(661,699)
Defaulted loans and debt securities at the end of the reporting period	1,738,225	2,220,877

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Parent Bank amounting to TL 203,788 (31 December 2020: TL 314,769).

(**) Collections within the period have included "Other changes" account.

ç. Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four – II explanations on credit risk footnote.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII – explanations on impairment in financial assets.

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X. Explanations on consolidated risk management (continued)

Definitions of the restructured receivables:

The Parent Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II – explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions:

Breakdown of receivables according to geographical regions

	Non-performing loans (**)	Specific provision
Domestic	1,738,108	1,270,885
EU Countries	-	-
OECD Countries (*)	36	32
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	81	66
Total	1,738,225	1,270,983

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

(**) Non-cash loans are not included.

Sectoral receivables and related provisions are presented in Section Four - II. explanations on credit risk disclosure.

Aging of overdue exposures

	Current period	Prior period
Overdue 31 – 60 days	394,427	165,301
Overdue 61 – 90 days	62,693	50,883
Total	457,120	216,184

Breakdown of restructured receivables by whether or not provisions are allocated

	Current period	Prior period
Loans structured from standard loans and other receivables	-	-
Loans structured from closely monitored loans and other receivables	931,038	994,236
Loans restructured from non-performing loans	79,540	48,137

Group classifies all of its loans and receivables as Stage 2 if they meet the restructured loan conditions while being in the performing loan portfolio according to the "Provision Regulation". Restructured loans classified as Stage 2 are subject to Stage 2 expected credit losses while restructured loans classified as non-performing loans are subject to specific provision.

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X. Explanations on consolidated risk management (continued)

Information on expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance (*)	224,096	356,714	1,604,183	2,184,993
Additional provision during the period	137,873	241,100	345,342	724,315
Disposals (-)	(90,121)	(183,181)	(347,977)	(621,279)
Amounts written off (-)	-	-	(293,827)	(293,827)
Transferred to Stage 1	-	(12,528)	-	(12,528)
Transferred to Stage 2	(23,373)	-	(21)	(23,394)
Transferred to Stage 3	(17,741)	(37,575)	-	(55,316)
Ending balance	230,734	364,530	1,307,700	1,902,964

(*) Includes provisions for non-cash loans and provisions accounted under equity for financial assets at fair value through other comprehensive income.

3.2. Credit risk mitigation techniques

a. Qualitative disclosure requirements related to credit risk mitigation techniques

The Group pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Group are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("CROM") teams' check and approval of the collateral entries.

The Group monitors up to date value of the collaterals by type. As a general principle, the Parent Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Group makes the assessment according to the latest expert value in the real estate guarantees taken as a real property.

The Group's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

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X. Explanations on consolidated risk management (continued)

b. Credit risk mitigation techniques

	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (*)	46,804,662	5,000,532	3,679,850	359,529	323,264	-	-
Debt securities (*)	6,929,669	-	-	-	-	-	-
Total	53,734,331	5,000,532	3,679,850	359,529	323,264	-	-
Of which defaulted	1,738,225	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

c. Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - explanations on credit risk disclosures.

ç. Credit risk exposure and credit risk mitigation effects

Risk classes	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	RWA density
Claims on sovereigns and Central Banks	22,565,729	249,211	20,336,676	30,753	4,054,409	19.91%
Claims on regional governments or local authorities	482,601	-	422,643	-	256,989	60.81%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	7,621,723	3,440,901	4,926,803	1,146,135	1,145,099	18.86%
Claims on corporates	26,144,433	5,432,162	25,773,813	2,564,356	26,115,824	92.16%
Claims on retails	13,335,377	3,026,014	12,957,789	364,300	11,836,198	88.85%
Claims secured by residential property	1,569,426	-	1,569,426	-	549,299	35.00%
Claims secured by commercial property	1,094,089	35,159	1,094,089	9,016	648,649	58.80%
Past due loans	453,359	-	453,359	-	389,485	85.91%
Higher risk categories decided by the Board	13,883	-	13,883	-	9,653	69.53%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	3,546,625	24,676	3,546,625	4,935	1,480,506	41.69%
Equity securities	13,353	-	13,353	-	13,353	100.00%
Total	76,840,598	12,208,123	71,108,459	4,119,495	46,499,464	61.81%

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X. Explanations on consolidated risk management (continued)

d. Standard approach exposures by asset classes and risk weights

Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	16,282,264	-	-	-	-	-	4,085,165	-	-	-	20,367,429
Claims on regional governments or local authorities	-	-	-	-	331,308	-	91,335	-	-	-	422,643
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,023,009	-	3,421,638	-	583,649	44,642	-	-	6,072,938
Claims on corporates	-	-	338,090	-	1,400,193	-	26,529,513	70,373	-	-	28,338,169
Claims on retails	-	-	-	-	-	10,367,157	659,738	2,295,194	-	-	13,322,089
Claims secured by residential property	-	-	-	1,569,426	-	-	-	-	-	-	1,569,426
Claims secured by commercial property	-	-	-	-	908,913	-	194,192	-	-	-	1,103,105
Past due loans	-	-	-	-	217,146	-	146,819	89,394	-	-	453,359
Higher risk categories decided by the Board	-	-	-	-	9,421	-	3,496	966	-	-	13,883
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	2,071,056	-	-	-	-	-	1,480,504	-	-	-	3,551,560
Equity securities	-	-	-	-	-	-	13,353	-	-	-	13,353
Total	18,353,320	-	2,361,099	1,569,426	6,288,619	10,367,157	33,787,764	2,500,569	-	-	75,227,954

4. Evaluation of counterparty credit risk according to measurement methods

a. Qualitative disclosure on counterparty credit risk

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions that binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit conversion ratios stated in the appendix of the regulation.

For the forward, option and other derivative contracts, collateral management is conducted daily according to the International Swap and Derivative Association ("ISDA") and Credit Support Annex ("CSA") agreements concluded with international counterparties, and when needed, short term total credit risk is reduced by usage of rights and performance of duties.

For the forward, option and other derivative transactions which are done by local agreements and not according to ISDA agreement, the credit risk is controlled via "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organizations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

The maximum risk that the counterparty may incur due to futures, options and other derivative transactions are limited monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to mitigate the risk.

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X. Explanations on consolidated risk management (continued)

b. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	Exposure after CRM	RWA
Standardised Approach - CCR (for derivatives)	4,724,644	386,428	-	1.40	5,111,072	2,942,519
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	247,703	37,831
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						2,980,350

(*) Effective expected positive exposure

c. Credit valuation adjustment (CVA) for capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the advanced CVA capital charge	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the standardised CVA capital charge	5,111,072	366,321
Total subject to the CVA capital charge	5,111,072	366,321

ç. Analysis of counterparty credit risk (CCR) exposure

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	506,790	-	-	-	-	30,754	-	-	537,544
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	366,469	3,093,880	-	700	-	-	3,461,049
Claims on corporates	-	-	860	33,864	-	1,269,859	-	-	1,304,583
Claims included in the regulatory retail portfolios	-	-	-	-	55,599	-	-	-	55,599
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	506,790	-	367,329	3,127,744	55,599	1,301,313	-	-	5,358,775

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

d. Collaterals for counterparty credit risk (CCR)

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

e. Credit derivatives

There is no credit derivative transaction.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2021

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

X. Explanations on consolidated risk management (continued)

5. Explanations on securitisation

There is no securitization transaction.

6. Explanations on market risk

The Parent Bank has reviewed activities of market risk management and has taken necessary precautions in order to mitigate the market risk within the framework of financial risk management, according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed based on different product mandates based on banking books and trading books and within the risk limits including sensitivity that is approved by Board of Directions in where related limits are monitored on a regular basis and the results are shared with senior management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Audit Committee monitors and evaluates market risk closely. Recommendations are presented to the Asset Liability Committee and Board of Directors in terms of the risk management.

Risk management strategies and policies are updated regarding to regulations stated above and is approved by Board of Director's. In relation to the regulatory capital requirements, on a consolidated and the bank only basis, standard method is used in measuring the market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the senior management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, compliance on ING Group's policies related to market risk, especially for the international regulations, is reviewed regularly. All these analysis are reflected in the relevant written procedures and policies. Due to the increase in the regulations and the need for pursuing more sophisticated risk management in recent years, the project of a software has been launched to manage risks related to asset liability management in a more integrated structure and currently enhancements are in progress.

	RWA
Outright products	709,200
Interest rate risk (general and specific)	313,550
Equity risk (general and specific)	-
Foreign exchange risk	395,650
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	709,200

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X. Explanations on consolidated risk management (continued)

7. Explanations on operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2021 is calculated by using the gross income of the Parent Bank in 2018, 2019 and 2020.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

Current period	2018 amount	2019 amount	2020 amount	Total / Number of years of positive gross income	Ratio (%)	Total
Gross income	4,035,249	4,623,593	3,592,175	4,083,672	15	612,551
Amount subject to operational risk (Amount*12.5)						7,656,887

8. Interest rate risk arising from banking book

Interest rate risk in the banking book is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors, and results are shared periodically with senior management, Asset Liability Committee, Audit Committee and Board of Directors. In addition, interest rate risk in the banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the Regulation on Measurement and Evaluation of the Interest Rate Risk in the Banking Book through Standard Shock Method published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only for demand deposits and also separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behavior characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business lines' expectations.

Interest rate risk in the banking book standard ratio is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the banking books through standard shock method. Profits/losses refer to the profit/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+/-x basis points)	Gains/ (Losses)	Gains/Equity (Losses)/Equity
TL	(-) 400	470,388	4.21%
TL	(+) 500	(523,210)	(4.69)%
EURO	(-) 200	(3,813)	(0.03)%
EURO	(+) 200	(80,943)	(0.73)%
USD	(-) 200	30,112	0.27%
USD	(+) 200	(72,991)	(0.65)%
Total (for negative shocks)		496,687	4.45%
Total (for positive shocks)		(677,144)	(6.07)%

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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Notes to the consolidated financial statements for the year ended 31 December 2021

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XI. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	2,540,000	127,284	11,068	3,245,834	25,868	117,167
Cross currency swaps	-	-	-	-	-	-
Total	2,540,000	127,284	11,068	3,245,834	25,868	117,167

Explanations on derivative transactions used in cash flow hedges

Current period							
Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	127,284	11,068	219,327	(17,805)	(6,711)
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	-	-	-	13,549	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(24,007)	-	-
Total			127,284	11,068	195,320	(4,256)	(6,711)

Prior period							
Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	15,117	115,088	198,147	(33,397)	(4,493)
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	10,751	2,079	2,375	-	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(42,356)	-	-
Total			25,868	117,167	158,166	(33,397)	(4,493)

Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Note VI of Section Four.

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Notes to the consolidated financial statements for the year ended 31 December 2021

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XII. Explanations on segment reporting

The Group operates mainly in corporate, business and retail banking services. In scope of corporate, business banking operations, customers are provided with special banking services including cash management service. In retail banking operations, customers are provided with debit and credit card, retail loan, online banking and private banking services. Spot TL, foreign exchange buy/sell transactions, derivative transactions, and treasury bill/government bond buy/sell transactions are performed at treasury operations.

Information on operating segments is prepared in accordance with the data provided by the Parent Bank's Management Reporting System.

Current period – 31 December 2021	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	1,206,703	1,105,490	613,477	2,925,670
Net fees and commissions income and other operating income	534,166	393,603	87,027	1,014,796
Trading gain/loss	289,538	128,213	39,215	456,966
Dividend income	-	-	507	507
Expected credit loss	(346,895)	(246,618)	(16)	(593,529)
Segment results	1,683,512	1,380,688	740,210	3,804,410
Other operating expenses (*) (**)				(2,212,731)
Income from continuing operations before tax				1,591,679
Tax provision (*)				(391,566)
Net profit				1,200,113

Prior period – 31 December 2020	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	1,209,183	1,503,882	341,916	3,054,981
Net fees and commissions income and other operating income	448,257	310,831	196,161	955,249
Trading gain/loss	134,706	75,856	6,334	216,896
Dividend income	-	-	476	476
Expected credit loss	(716,080)	(405,446)	(30,487)	(1,152,013)
Segment results	1,076,066	1,485,123	514,400	3,075,589
Other operating expenses (*) (**)				(2,088,644)
Income from continuing operations before tax				986,945
Tax provision (*)				(218,809)
Net profit				768,136

(*) Other operational expenses and tax provision are presented at total column due to inability to allocate among the sections.

(**) Includes "Personnel Expenses" and "Other Provision Expenses" that presented in the statement of profit or loss as a different items.

Current period – 31 December 2021	Corporate, Business Banking	Retail Banking	Other	Total
Asset	42,215,110	12,358,728	34,061,832	88,635,670
Liability	20,898,757	38,472,522	18,455,372	77,826,651
Equity	-	-	10,809,019	10,809,019

Prior period – 31 December 2020	Corporate, Business Banking	Retail Banking	Other	Total
Asset	31,992,394	12,342,747	21,853,009	66,188,150
Liability	16,053,254	28,809,496	11,913,152	56,775,902
Equity	-	-	9,412,248	9,412,248

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Section five

Information and disclosures related to consolidated financial statements

I. Explanations and notes related to assets of the consolidated balance sheet

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL / foreign currency	134,581	2,879,135	224,384	1,157,576
Balances with the Central Bank of Turkey	1,876,631	13,912,127	761,934	6,965,900
Other	-	-	-	-
Total	2,011,212	16,791,262	986,318	8,123,476

1.2. Information related to the account of the Central Bank of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	1,876,631	3,315,244	761,934	2,064,549
Restricted time deposit	-	4,265,380	-	2,050,448
Reserve requirement	-	6,331,503	-	2,850,903
Total	1,876,631	13,912,127	761,934	6,965,900

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date at a rate ranging between 3% and 8% for Turkish lira deposits and liabilities depending on their maturity. The reserve rates vary between 5% and 25% for foreign currency deposits and other foreign currency liabilities and vary between 22% and 26% for gold liabilities depending on their maturity.

In accordance with the "Communiqué Regarding the Reserve Requirements", the reserve requirements can be maintained as TL, USD, EUR and standard gold.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in USD, EUR, GBP and participation fund accounts in foreign currency to time deposits and participation funds in TL as of the obligation date of 15 April 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 July 2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022.

TL 1,876,237 (31 December 2020: TL 761,598) of the TL reserve deposits provided over the average balance and TL 3,315,244 (31 December 2020: TL 2,064,549) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

2. Information on financial assets at fair value through profit / loss

2.1. Information on financial assets at fair value through profit / loss subject to repo transactions and those given as collateral / blocked

Financial assets at fair value through profit or loss subject to repo transactions and those given as collateral / blocked are stated below in net amount.

	Current period	Prior period
Unrestricted portfolio	134,575	67,198
Collateral / blocked	40,303	38,607
Total	174,878	105,805

2.2. Positive differences related to derivative financial assets held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	477,496	-	185,704
Swap transactions	4,102,247	258,886	2,242,600	123,735
Futures transactions			-	-
Options	85	6,626	-	373
Other	-	-	-	-
Total	4,102,332	743,008	2,242,600	309,812

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	77,712	1,325,899	135,568	1,687,927
Domestic	77,712	723	135,448	100,482
Foreign	-	1,325,176	120	1,587,445
Headquarters and branches abroad	-	-	-	-
Total	77,712	1,325,899	135,568	1,687,927

3.2. Information on foreign banks

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	839,930	1,344,673	361,311	222,045
USA, Canada	76,479	10,717	-	388
OECD Countries (*)	45,894	8,611	-	-
Off-shore banking regions	-	-	-	-
Other	1,562	1,131	-	-
Total	963,865	1,365,132	361,311	222,433

(*) OECD countries except EU countries, USA and Canada

As of 31 December 2021, restricted bank balance amounting to TL 361,311 (31 December 2020: TL 222,433) all of which is comprised of (31 December 2020: all amount) collaterals that is held by counter banks under CSA (credit support annex) contracts and is calculated based on related derivatives market price.

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

4. Information on financial assets at fair value through other comprehensive income

4.1. Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral / blocked with net amounts are shown in below table.

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Unrestricted portfolio	211,971	449,783
Repo transactions	1,131,396	-
Collateral / blocked	-	133,163
Total	1,343,367	582,946

4.2. Information on financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	1,335,706	570,257
Quoted to stock exchange	1,335,706	570,257
Not quoted	-	-
Equity certificates	13,626	13,070
Quoted to stock exchange	-	-
Not quoted	13,626	13,070
Provision for impairment (-)	(5,965)	(381)
Total	1,343,367	582,946

5. Information on loans

5.1. Information on the balance of all types of loans and advances given to shareholders and employees of the Parent Bank

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Parent Bank	187	1,082,968	3,714	944,813
Corporate shareholders	-	1,082,968	3,692	944,813
Real person shareholders	187	-	22	-
Indirect loans granted to shareholders of the Parent Bank	395	428,782	8,949	358,190
Loans granted to employees of the Parent Bank	42,595	-	40,689	-
Total	43,177	1,511,750	53,352	1,303,003

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.2. Information on the first and second group loans and other receivables including restructured or rescheduled loans

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	43,723,015	6,413,819	693,702	237,336
Business loans	16,296,809	4,870,224	485,766	218,653
Export loans	9,404,279	382,821	39,383	18,683
Import loans	-	-	-	-
Loans given to financial sector	4,734,882	-	-	-
Consumer loans	10,222,203	1,086,163	155,022	-
Credit cards	507,276	58,542	13,531	-
Other	2,557,566	16,069	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	43,723,015	6,413,819	693,702	237,336

	Standard loans	Current period		Prior period	
		Loans and other receivables under close monitoring		Loans and other receivables under close monitoring	
		Standard loans	Loans and other receivables under close monitoring	Standard loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses	210,564	21	196,047	58	
Loans	194,234	-	183,480	-	
Other assets	12,072	21	8,352	58	
Banks and money market placements	3,523	-	3,660	-	
Marketable securities	735	-	555	-	
Lifetime expected credit losses significant increase in credit risk	-	349,908	-	339,041	
Loans	-	349,908	-	339,041	
Total	210,564	349,929	196,047	339,099	

5.3. Loans according to their maturity structure

Cash loans	Standard loans	Loans and other receivables under close monitoring	
		Loans and receivables not subject to restructuring	Restructured loans and receivables
Short-term loans and other receivables	15,897,148	2,690,287	148,827
Medium and long-term loans and other receivables	27,825,867	3,723,532	782,211
Total	43,723,015	6,413,819	931,038

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel

	Short term	Medium and long term	Total
Consumer loans – TL	475,355	10,760,634	11,235,989
Mortgage loans	242	3,768,120	3,768,362
Automotive loans	35,594	418,153	453,747
General purpose loans	439,519	6,574,361	7,013,880
Other	-	-	-
Consumer loans – indexed to FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	527,613	9,996	537,609
With installments	152,025	9,996	162,021
Without installments	375,588	-	375,588
Consumer credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	4,423	27,731	32,154
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	4,423	27,731	32,154
Other	-	-	-
Personnel loans – indexed to FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	10,628	-	10,628
With installments	3,384	-	3,384
Without installments	7,244	-	7,244
Personnel credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	195,245	-	195,245
Overdraft accounts – FC (real person)	-	-	-
Total	1,213,264	10,798,361	12,011,625

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.5. Information on commercial loans with installments and corporate credit cards

	Short term	Medium and long term	Total
Commercial installment loans - TL	1,210,454	1,413,587	2,624,041
Real estate loans	-	5,881	5,881
Automotive loans	2,319	122,322	124,641
General purpose loans	-	-	-
Other	1,208,135	1,285,384	2,493,519
Commercial installment loans – indexed to FC	-	17,156	17,156
Real estate loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	17,156	17,156
Commercial installment loans-FC	-	1,935	1,935
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	1,935	1,935
Corporate credit cards – TL	31,112	-	31,112
With installments	15,246	-	15,246
Without installments	15,866	-	15,866
Corporate credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	48,212	-	48,212
Overdraft loans – FC (legal entity)	-	-	-
Total	1,289,778	1,432,678	2,722,456

5.6. Loans according to borrowers

	Current period	Prior period
Public	4,296,136	2,381,984
Private	46,771,736	37,410,463
Total	51,067,872	39,792,447

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	51,059,786	39,772,290
Foreign loans	8,086	20,157
Total	51,067,872	39,792,447

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.8. Loans granted to subsidiaries and associates

The loans granted to subsidiaries and associates are eliminated at the consolidated financial statements.

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	66,116	21,897
Loans and receivables with doubtful collectability	33,277	36,622
Uncollectible loans and receivables	1,171,590	1,516,731
Total	1,270,983	1,575,250

5.10. Information on non-performing loans (net)

5.10.1. Information on non-performing loans and other receivables restructured or rescheduled by the Group

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	-	1,332	78,208
Restructured loans	-	1,332	78,208
Prior period			
Gross amounts before specific provision	-	209	47,928
Restructured loans	-	209	47,928

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	39,249	63,584	2,118,044
Additions (+)	305,130	1,925	22,429
Transfers to other categories of non-performing loans (+)	-	181,621	171,650
Transfers from other categories of non-performing loans (-)	(181,621)	(171,650)	-
Collections (-)	(61,818)	(17,835)	(374,996)
Write-offs (-) (*)	(9)	(30)	(153,660)
Sold Portfolio (-) (**)	-	(2,793)	(200,995)
Corporate and commercial loans	-	(2,793)	(90,035)
Retail loans	-	-	(90,430)
Credit cards	-	-	(20,530)
Other	-	-	-
Current period end balance	100,931	54,822	1,582,472
Provisions (-)	(66,116)	(33,277)	(1,171,590)
Net balance on balance sheet	34,815	21,545	410,882

(*) In current period, the amount of write-off made according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 6 July 2021 and numbered 31533 is TL 139,458 and its effect on the NPL ratio is 0.25% (31 December 2020: TL 31,241 and its effect on the NPL ratio is 0.07%).

(**) The Parent Bank sold non-performing loan portfolio amounting to TL 203,788 (31 December 2020: TL 314,769) to domestic asset management companies at 26 October 2021.

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

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.10.3. Information on foreign currency non-performing loans and other receivables

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	1,545	-	165,780
Provision (-)	(742)	-	(106,817)
Net balance on balance sheet	803	-	58,963
Prior period			
Balance at the end of the period	2,654	6,447	165,675
Provision (-)	(1,947)	(5,142)	(106,500)
Net balance on balance sheet	707	1,305	59,175

Non-performing loans granted as foreign currency are followed under TL accounts at the balance sheet.

5.10.4. Gross and net amounts of non-performing loans per customer categories

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)			
Loans granted to corporate entities and real person (gross)	91,569	54,822	1,579,879
Provision amount(-)	(60,838)	(33,277)	(1,169,542)
Loans granted to corporate entities and real person (net)	30,731	21,545	410,337
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	9,362	-	2,593
Provision amount (-)	(5,278)	-	(2,048)
Other loans (net)	4,084	-	545
Prior period (net)			
Loans granted to corporate entities and real person (gross)	29,180	63,584	2,115,450
Provision amount (-)	(20,186)	(36,622)	(1,514,137)
Loans granted to corporate entities and real person (net)	8,994	26,962	601,313
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	10,069	-	2,594
Provision amount (-)	(1,711)	-	(2,594)
Other loans (net)	8,358	-	-

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Notes to the consolidated financial statements for the year ended 31 December 2021

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

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.10.5. According to TFRS 9, accruals, valuation differences and related provisions calculated for non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	2,742	1,858	22,891
Interest accruals and valuation differences	9,436	5,200	77,914
Provision (-)	(6,694)	(3,342)	(55,023)
Prior period (Net)	1,949	3,249	29,102
Interest accruals and valuation differences	4,262	7,503	82,158
Provision (-)	(2,313)	(4,254)	(53,056)

5.11. Liquidation policy for uncollectible loans and receivables

As with the loans classified in the other liquidation accounts, "Loans and receivables with limited collectability" and "Loans and receivables with doubtful collectability" accounts, according to the Provisions Regulation, the most appropriate action is determined by evaluating the quality of the loan, the collateral status, bona fide of the debtor and assessment of the emergency, in order to ensure the collection and liquidation of the loans classified in the accounts of "Uncollectable loans and receivables".

5.12. Information on the write-off policy

Accounting policies regarding the write-off policy are explained in the section three note VIII.

In current period, the amount of write-off made according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 6 July 2021 and numbered 31533 is TL 139,458 (31 December 2020: TL 31,241) and its effect on the NPL ratio is 0.25% (31 December 2020: 0.07%).

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

6. Financial assets measured at amortised cost

6.1. Financial assets subject to repurchase agreements and provided as collateral/blocked:

	Current period	Prior period
Investments subject to repurchase agreements	1,397,601	9,081
Collateralised / blocked investments (*)	1,026,088	1,274,855
Total	2,423,689	1,283,936

(*) Consists of bonds given as collaterals by the Parent Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank, Money Markets and to operate in those markets.

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	5,609,794	4,253,314
Treasury bills	-	-
Other government securities	-	-
Total	5,609,794	4,253,314

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	5,609,794	4,253,314
Quoted to stock exchange	5,609,794	4,253,314
Not quoted	-	-
Impairment provision (-)	-	-
Total	5,609,794	4,253,314

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	4,253,314	2,114,571
Foreign currency differences on monetary assets	-	-
Purchases during the period	3,378,383	3,644,739
Disposals through sales and /redemptions	(2,006,706)	(1,553,437)
Provision for impairment (-)	-	-
Valuation effect	(15,197)	47,441
Period end balance	5,609,794	4,253,314

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

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 December 2021, information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring (*)	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	2,942	50,000	50,000	31,907
Profit reserves, capital reserves and prior year profit / loss	116,169	104,191	150,492	28,114
Profit	56,840	17,192	38,044	29,719
Development cost of operating lease (-)	-	-	-	-
Intangible assets (-)	-	-	(273)	-
Total core capital	175,951	171,383	238,263	89,740
Supplementary capital	-	-	-	-
Capital	175,951	171,383	238,263	89,740
Net usable shareholder's equity	175,951	171,383	238,263	89,740

(*) In accordance with the Parent Bank's Board of Directors decision dated 28 December 2020; it has been decided for initiating the liquidation process of its subsidiary, ING Factoring A.Ş., applying for the approval of the BRSA on this matter by taking a decision in the ING Faktoring A.Ş.'s Board of Directors for the liquidation of the company and giving authorization to General Management to carry out the liquidation procedures and processes. The Parent Bank applied to the BRSA on 27 December 2021 for the liquidation of ING Factoring. With the decision of the BRSA Board numbered 10043 and dated 13 January 2022, the cancellation of the operating license of ING Factoring was approved.

The Parent Bank does not have any additional capital requirements due to the subsidiaries included in the consolidated calculation of capital requirement.

8.2. Information on consolidated subsidiaries

Title	Address (City / Country)	The Parent Bank's share percentage-If different voting (%)	The Parent Bank's risk group share (%)
(1) ING European Financial Services Plc.	Dublin/Ireland	100%	100%
(2) ING Factoring	İstanbul/ Turkey	100%	100%
(3) ING Leasing	İstanbul/ Turkey	100%	100%
(4) ING Securities	İstanbul/ Turkey	100%	100%

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

As of 31 December 2021, financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
(1)	6,449,907	175,951	29	141,604	-	56,840	53,271	-
(2)	175,369	171,383	345	30,701	-	17,192	6,655	-
(3)	1,117,244	238,536	1,711	64,975	-	38,044	30,833	-
(4)	397,536	89,740	648	15,512	-	29,719	25,994	-

(*) The financial information of ING Factoring, ING Leasing, ING Securities and ING European Financial Services Plc are obtained from 31 December 2021 audited financial statements.

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	569,189	391,634
Movements during the period	270,097	177,555
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	129,955	141,491
Sales	-	-
Revaluation increase (*)	140,142	36,064
Provisions for impairment	-	-
Balance at the end of the period	839,286	569,189
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(*) Amounts refer to revaluation differences arising from accounting of financial subsidiaries under the equity method in the unconsolidated financial statements.

8.4. Sectoral information on consolidated financial subsidiaries and the related carrying amounts

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	169,507	174,100
Leasing companies	216,381	172,675
Finance companies	-	-
Other financial subsidiaries	453,398	222,414

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

10. Information on lease receivables (net)

10.1 Investments made in finance lease as per their maturity

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	134,305	131,510	59,619	58,819
1-5 years	702,175	642,905	791,483	732,346
More than 5 years	44,969	39,807	-	-
Total	881,449	814,222	851,102	791,165

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	881,449	851,102
Unearned financial lease income (-)	(67,227)	(59,937)
Cancelled leases (-)	-	-
Net financial lease investment	814,222	791,165

11. Information on derivative financial assets held for hedging

11.1 Information on positive differences of derivative financial assets held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	127,284	-	25,868	-
Net investment hedge	-	-	-	-
Total	127,284	-	25,868	-

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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

12. Information on tangible assets (net)

Current period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	286,399	304,079	927,065	1,517,543
Additions	5,086	134,859	113,008	252,953
Disposals	(3,201)	(202,936)	(201,868)	(408,005)
Transfers	-	-	-	-
Currency differences	-	-	223	223
Provisions for impairment	-	-	-	-
Closing balance	288,284	236,002	838,428	1,362,714
Accumulated depreciation				
Opening balance	(131,261)	(86,378)	(478,670)	(696,309)
Current year depreciation expense	(6,919)	(46,244)	(67,436)	(120,599)
Disposals	416	45,780	79,595	125,791
Transfers	-	-	(291)	(291)
Currency differences	-	-	(211)	(211)
Closing balance	(137,764)	(86,842)	(467,013)	(691,619)
Net book value	150,520	149,160	371,415	671,095

Prior period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	282,843	349,427	949,757	1,582,027
Additions	3,988	154,012	188,093	346,093
Disposals	(586)	(199,360)	(210,466)	(410,412)
Transfers	-	-	(395)	(395)
Currency differences	-	-	76	76
Provisions for impairment	154	-	-	154
Closing balance	286,399	304,079	927,065	1,517,543
Accumulated depreciation				
Opening balance	(124,641)	(55,283)	(455,125)	(635,049)
Current year depreciation expense	(6,882)	(65,063)	(62,863)	(134,808)
Disposals	262	33,968	38,718	72,948
Transfers	-	-	652	652
Currency differences	-	-	(52)	(52)
Closing balance	(131,261)	(86,378)	(478,670)	(696,309)
Net book value	155,138	217,701	448,395	821,234

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

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	272,310	252,022
Additions	19,316	20,303
Currency differences	107	26
Disposals	(123)	(41)
Closing balance	291,610	272,310
Accumulated amortization		
Opening balance	(225,842)	(196,851)
Current year's amortization expense	(30,918)	(29,006)
Currency differences	(569)	(26)
Disposals	13	41
Closing balance	(257,316)	(225,842)
Net book value	34,294	46,468

14. Information on investment properties (net)

The Group does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

The Group has current tax asset relating to corporation tax by the amount of TL 195,910 (31 December 2020: TL 158,354 current tax liability) under the asset items.

15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted of based on the Parent Bank and each company subject to consolidation, and shown as deferred tax asset or liability in the consolidated balance sheet. The explanations about deferred tax asset / liability for the current and prior period are disclosed in Note II.9 of Section Five.

16. Explanations on assets held for sale and discontinued operations (net)

16.1. Explanations on assets held for sale

	Current period	Prior period
Opening balance (net)	660	660
Additions	-	-
Disposals (-)	-	-
Depreciation (-)	-	-
Balance at the end of the period (net)	660	660

16.2. Explanations on discontinued operations

The Group does not have assets with respect to the discontinued operations.

**17. Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments),
breakdown of the names and amounts of accounts constructing at least 20% of grand totals**

Other assets in the balance sheet excluding off balance sheet commitments do not exceed 10% of the balance sheet total.

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II. Explanations and notes related to liabilities of the consolidated balance sheet

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	1,265,135	-	11,974,081	3,694,786	469,204	68,904	78,941	-	17,551,051
Foreign currency deposits	9,156,126	-	12,357,638	7,449,834	333,193	72,249	49,281	-	29,418,321
Residents in Turkey	8,987,254	-	12,272,184	7,289,998	318,202	59,535	44,203	-	28,971,376
Residents abroad	168,872	-	85,454	159,836	14,991	12,714	5,078	-	446,945
Public sector deposits	230,878	-	-	-	-	-	-	-	230,878
Commercial deposits	728,954	-	1,131,305	183,215	3,807	1,191	33	-	2,048,505
Other institutions deposits	9,569	-	9,672	3,135	14	11	6	-	22,407
Precious metals deposits	2,192,068	-	1,102,752	-	-	-	-	-	3,294,820
Interbank deposits	8,176	-	43,040	-	-	-	-	-	51,216
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	225	-	43,040	-	-	-	-	-	43,265
Foreign banks	7,951	-	-	-	-	-	-	-	7,951
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	13,590,906	-	26,618,488	11,330,970	806,218	142,355	128,261	-	52,617,198

Foreign exchange-protected deposit instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against changes in foreign exchange rates, started to be offered to the Bank's customers. In this context, the total amount of deposits opened as of 31 December 2021 is TL 384,135.

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	1,019,238	-	12,916,901	3,257,890	66,226	27,754	14,045	-	17,302,054
Foreign currency deposits	4,317,867	-	9,052,713	2,951,563	100,843	50,860	29,907	-	16,503,753
Residents in Turkey	4,036,123	-	8,990,469	2,839,428	91,135	41,595	26,110	-	16,024,860
Residents abroad	281,744	-	62,244	112,135	9,708	9,265	3,797	-	478,893
Public sector deposits	75,720	-	6	16,019	86	-	-	-	91,831
Commercial deposits	651,514	-	1,109,754	41,269	2,209	89	-	-	1,804,835
Other institutions deposits	8,944	-	6,550	2,795	32	35	52	-	18,408
Precious metals deposits	1,959,808	-	787,258	-	-	-	-	-	2,747,066
Interbank deposits	1,662,936	-	-	-	-	-	-	-	1,662,936
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	10	-	-	-	-	-	-	-	10
Foreign banks	1,662,926	-	-	-	-	-	-	-	1,662,926
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	9,696,027	-	23,873,182	6,269,536	169,396	78,738	44,004	-	40,130,883

1.2. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

Saving deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	11,045,377	11,915,530	6,499,960	5,380,088
Foreign currency saving deposits	7,659,628	6,027,959	16,611,654	7,678,193
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

1.3. Information on whether the saving deposits / private current accounts of real persons not subject to commercial transactions in the Turkey branch of the Parent Bank headquartered abroad are in scope of insurance in the country where the head office is located

The Parent Bank's head office is in Turkey and its saving deposits are covered by saving deposit insurance.

1.4. Saving deposits of real persons not under the guarantee of saving deposit insurance fund

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	17,844	22,033
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

2.1. Table of negative differences for derivative financial liabilities held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	733,145	-	40,999
Swap transactions	1,169,273	76,017	678,568	128,082
Future transactions	-	-	-	-
Options	63	8,306	7	1,337
Other	-	-	-	-
Total	1,169,336	817,468	678,575	170,418

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	115,519	453,497	140,946	74,119
Funds borrowed from foreign banks, institutions and funds	208,871	14,773,337	1,658,818	7,895,577
Total	324,390	15,226,834	1,799,764	7,969,696

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	303,248	965,364	1,798,732	106,353
Medium and long term	21,142	14,261,470	1,032	7,863,343
Total	324,390	15,226,834	1,799,764	7,969,696

3.3. Funding industry group where the Group liabilities are concentrated

The liabilities providing the funding sources of the Group are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Group and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Group.

4. Explanations on securities issued (net)

The Group does not have any securities issued end of the reporting period (31 December 2020: None).

5. If other liabilities exceed 10% of the balance sheet total, names and amounts of the accounts constituting at least 20% of grand totals

Other liabilities do not exceed 10% of the balance sheet total.

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	14,477	5,079	2,509	2,343
Between 1-4 years	71,331	49,307	103,996	84,738
More than 4 year	178,280	107,139	227,229	141,995
Total	264,088	161,525	333,734	229,076

7. Information on derivative financial liabilities held for hedging

7.1. Negative differences related to derivative financial liabilities held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	11,068	-	112,999	4,168
Net investment hedge	-	-	-	-
Total	11,068	-	112,999	4,168

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

8. Information on provisions

8.1. Information on the exchange rate decrease provision on foreign currency indexed loans and financial lease receivables

None (31 December 2020: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	36,717	28,933
Provision for credit card score promotion	1,287	1,291
Other provisions	167,368	159,448
<i>Allowance for expected credit losses (Stage 1 and Stage 2) (*)</i>	<i>25,640</i>	<i>42,395</i>
<i>Other</i>	<i>141,728</i>	<i>117,053</i>
Total	205,372	189,672

(*) Non-cash loan provisions are included.

Amount to TL 111,051 (31 December 2020: TL 74,277) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Parent Bank.

The deposit holders of off-shore accounts held at Sümerbank A.Ş. (together with other dissolved banks merged into Sümerbank A.Ş., all of which were ultimately merged into the Parent Bank), which were opened before Savings Deposit Insurance Fund (SDIF) seized these banks, initiates lawsuits against the Parent Bank (former title Oyak Bank A.Ş.). As a result of these lawsuits, the Parent Bank pays certain amounts to these off-shore deposit holders of the dissolved banks. SDIF indemnifies these amounts in accordance with the Share Sale Agreement entered into between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF (SSA).

SDIF, however, does not fully indemnify the Parent Bank and pays these amounts subject to legal reservation against the SSA provisions. SDIF initiated nine enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 499 million (Full TL). Upon the Parent Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Parent Bank, SDIF initiated cancellation of objection lawsuits against the Parent Bank. Currently, there are eight of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.9 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 97.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109.5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Parent Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million and the Parent Bank objected to this payment request and the case was filed by the SDIF. The case is going on the first instance court. SDIF initiated the eighth enforcement procedure for approximately TL 49 million (Full TL) in 2019 and the Parent Bank objected to this payment request. The mediation meeting was taken in 9 July 2020 between parties (mandatory mediation before proceedings) and a minute was drawn up in order not to agree between the bank and the SDIF. A lawsuit has been filed by the SDIF for the cancellation of the Parent Bank's objection to this execution proceeding.

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

In the First Case, the first instance court ruled in favor of the Parent Bank, which has been later reversed by the Supreme Court of Appeals (Yargıtay). The First Case has been returned to the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report has been completed and it was in favor of the Parent Bank. The first instance court decided in favor of the Parent Bank however SDIF appealed against the decision and the appeal of the SDIF has been rejected in favor of the Parent Bank. Against this decision, the Court of Cassation, the way of correction of the decision was clear. SDIF made a decision correction, the decision. Saving Deposit Insurance Fund's request of revision of decision has been approved in April 2021 with the following justification: "Share Sale Agreement executed by and between OYAK and ING Bank N.V. and dated 18 June 2007 should also be presented and an expert examining should be conducted by a new panel of experts". At this point, the lawsuit started to re-reviewed by Istanbul 1st Commercial Court of First Instance. On the trial dated 14 October 2021, the Court of First Instance decided to abide by the reversal decision of the Supreme Court of Appeal and decided to gather the Share Sale Agreement between ING Bank N.V. and OYAK, then to conduct an expert examination again, and accepted ING Bank N.V.'s request for ancillary intervention.

The first instance court held the trial of the Second Case, Third Case and Fourth Case together due to the first instance court's earlier decision to merge these cases. However, the first instance court only ruled on the merits of the Second Case in favor of ING Bank A.Ş. and rejected SDIF's claims and decided to demerge each of the Third Case and the Fourth Case from the Second Case. In the proceedings held after the court's demerger decision, the court decided in favor of the Parent Bank for each case. Also, in the Sixth Case, the first instance court decided in favor of the Parent Bank. The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals. The Regional Appeal Court decided in favor of the Parent Bank in Second, Third and the Fourth cases. Also, SDIF initiated the Ninth enforcement procedure for approximately TL 20.9 million which is objected by ING Turkey. After 30 September 2021, SDIF applied to the mandatory mediation institution regarding this enforcement proceeding. The Bank attended the meeting in October 2021 and there is no settlement between the parties. SDIF applied for the Ninth Case. Currently, there are 9 enforcement proceedings and 9 ongoing lawsuits based on the same legal grounds.

On the other hand, there is an administrative law dispute between the Parent Bank and SDIF. The Parent Bank has filed a lawsuit for the annulment of the administrative resolution No. 2013/36 dated 31 January 2013 of SDIF's Fund Board (the "SDIF Fund Board Decision"), which constitutes the legal basis of the SDIF's abovementioned actions. Although the first instance administrative court ruled in favor of the Parent Bank to annul the SDIF Fund Board Decision, the Council of State (i.e., the Administrative Supreme Court of Appeals, Danıştay) reversed the first instance court's decision on the grounds that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law. The Parent Bank submitted a motion for the post judgment relief, i.e., correction of judgment which the Council of State rejected. Upon completion of the Council of State's review, the first instance court rendered a decision in line with the Council of State's decision against which the Parent Bank (claiming the annulment of the SDIF Fund Board Decision) and SDIF (claiming the determination of the SDIF Fund Board Decision's legal validity by the administrative courts rather than a lack of jurisdiction decision) filed an appeal.

No provisions were set aside in respect of the amounts that the Parent Bank paid in connection with the off-shore lawsuits, court decisions on off-shore lawsuits and lawsuits filed by SDIF, considering the (i) relevant provisions of the SSA, (ii) relevant provisions of the of the Share Sale Agreement dated 18 June 2007 relating to the purchase of the Parent Bank's shares (owned by OYAK) by ING Bank N.V. and (iii) the course of the pending lawsuits against SDIF.

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

8.3. Information on provisions for employee benefits

As of 31 December 2021, TL 39,083 (31 December 2020: TL 31,992) of TL 75,916 (31 December 2020: TL 61,926) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 36,833 (31 December 2020: TL 29,934) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 8,284.51 (Full TL) at 31 December 2021 and TL 7,117.17 (Full TL) at 31 December 2020 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 31 December 2021 and 31 December 2020, the Group operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

	Current period	Prior period
Net discount rate	3.33%	3.27%
Inflation rate	20.00%	9.40%
Interest rate	24.00%	12.98%
Probability of severance	33.55%	35.03%

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	29,934	26,307
Change during the year	17,984	13,281
Actuarial gain	2,684	377
Benefits paid during the year	(13,769)	(10,031)
Balance at the end of the period	36,833	29,934

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

Explanations on taxation and calculations are explained in Note XVII of Section Three. As of 31 December 2021, as a result of the setoff of the Group's corporate tax liability and temporary taxes paid, the remaining corporate tax liability amounts to TL 6,762 and as a result of the such setoff being made on each entity and tax authority basis.

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	6,762	90,439
Taxation of securities	25,418	17,344
Banking insurance transaction tax ("BITT")	27,922	18,183
Foreign exchange transaction tax	20,137	2,642
Value added tax payable	12,343	3,116
Property tax	795	512
Other	15,925	12,042
Total	109,302	144,278

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	6,485	5,263
Social security premiums-employer	9,499	7,703
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	477	382
Unemployment insurance-employer	894	728
Other	-	-
Total	17,355	14,076

9.2. Explanations on deferred tax liabilities

As of 31 December 2021, deferred tax asset and deferred tax liability of the Group amounts to TL 6,649 and TL 498,804 respectively (31 December 2020: deferred tax asset is TL 1,770 and deferred tax liability is TL 179,664) which is calculated based on the deductible temporary differences.

Timing differences constituting the basis for deferred tax	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset / (liability)	Accumulated temporary differences	Deferred tax asset / (liability)
Provisions (*)	209,430	47,313	150,828	30,206
Fair value differences for financial assets and liabilities	(76,033)	(15,036)	(33,774)	(6,542)
Derivative valuation differences	(2,994,387)	(660,587)	(1,644,582)	(328,916)
Expected credit losses of Stage I and II	586,133	123,104	577,541	115,508
Other	66,629	13,051	66,516	11,850
Total deferred tax assets / (liabilities) net		(492,155)		(177,894)

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

Deferred tax assets / (liabilities) movements of the current and previous years are as follows:

Deferred tax assets / (liabilities) net	Current period		Prior period
	(1 January – 31 December 2021)		(1 January – 31 December 2020)
Opening balance		(177,894)	(191,294)
Deferred tax income / (expense) net		(282,862)	31,953
Deferred tax recognized under equity		(30,606)	(16,965)
Currency differences		(793)	(1,588)
Balance at the end of the period		(492,155)	(177,894)

10. Information on liabilities regarding assets held for sale

As of 31 December 2021 and 31 December 2020, there are no liabilities regarding assets held for sale.

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

11. Explanations on the subordinated loans (*)

	Current period		Prior period	
	TL	FC	TL	FC
To be included in the calculation of additional capital borrowing instruments	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	-	-	4,019,844
Subordinated loans	-	-	-	4,019,844
Subordinated debt instruments	-	-	-	-
Total	-	-	-	4,019,844

(*) The subordinated loan amounting to USD 62 million obtained from ING Bank N.V. on 26 May 2015 was paid on 26 May 2021, by using the early redemption option, in accordance with the BRSA's approval letter dated 10 March 2021. Remaining amount of EUR 231 million of subordinated loan obtained from ING Bank N.V. on 26 May 2015 and the subordinated loans amounting to EUR 85 million and USD 91 million obtained from ING Bank N.V. on 25 May 2014 were paid on 28 June 2021, by using the early redemption option, in accordance with the BRSA's same approval letters.

12. Information on shareholders' equity

12.1. Paid-in capital

	Current period	Prior period
Common stock (*)	3,486,268	3,486,268
Preferred stock	-	-

(*) The amount represents nominal capital.

12.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so, the amount of registered share capital ceiling

Paid-in-capital amount is TL 3,486,268 and registered share capital system is not applied.

12.3. Information on share capital increases and their sources; other information on increased capital shares in current period

None.

12.4. Information on share capital increases from capital reserves

There is no capital increase from capital reserves in the current period.

12.5. Capital commitments in the last fiscal year and in the interim period following the last fiscal year, the general purpose of these commitments and projected resources required to meet these commitments

There are no capital commitments in the last fiscal year and in the interim period following the last fiscal year.

12.6. Indicators of the Group's income, profitability and liquidity for the previous periods and possible effects of future assumptions made by taking into account the uncertainties of these indicators on the Group's equity

The Group's consolidated balance sheet is managed in a conservative manner in order to be minimally affected by interest, currency and credit risks. The Group's operations are aimed to be continued with a conservative approach and with an increasing profitability. The year end income is transferred to the statutory reserves and extraordinary reserves under the shareholder's equity. The Group tries to invest the majority of its shareholder's equity in interest bearing assets and to keep investments in non-banking assets such as tangible assets, investments in non-financial subsidiaries limited.

12.7. Information on preferred shares

There are no preferred shares.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	(11,562)	-	23,453	-
Foreign exchange difference	-	-	-	-
Total	(11,562)	-	23,453	-

12.9. Profit reserves and profit distribution

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

As per the decision made at the annual general assembly of shareholders of the Parent Bank on 25 March 2021, the distribution of the net profit of the year 2020, is as follows. Dividend distribution was made on 29 March 2021.

Profit distribution table of 2020	
2020 net profit	626,645
A – I. Legal Reserve (TCC 519/A) 5%	(31,332)
B – The First Dividend for Shareholders	(62,000)
C – Extraordinary Reserves	(525,858)
D – Special funds	(7,455)

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III. Explanations and notes related to consolidated off-balance sheet accounts

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	2,233,024	1,621,623
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,085,377	2,748,315
Commitments for cheque payments	200,991	231,822
Commitments for credit card limits	1,065,170	1,146,771
Commitments for credit cards and banking services promotions	7,093	5,929
Other irrevocable commitments	29,267	28,107
Total	5,620,922	5,782,567

1.2. Type and amount of probable losses and obligations arising from off-balance sheet items

1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others deemed as financial commitments and other letter of credits

	Current period	Prior period
Letter of credits	951,361	723,168
Commitments and contingencies	62,578	244,612
Bank acceptance loans	-	1,269
Total	1,013,939	969,049

1.2.2. Irrevocable guarantees, temporary guarantees and other similar commitments and contingencies

	Current period	Prior period
Irrevocable letters of guarantees	6,847,204	6,182,723
Cash loans letters of guarantees	695,953	561,537
Advance letters of guarantees	830,462	576,439
Temporary letters of guarantees	59,184	46,459
Other	114,134	84,168
Total	8,546,937	7,451,326

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	741,194	636,479
With original maturity of 1 year or less than 1 year	64,983	45,314
With original maturity of more than 1 year	676,211	591,165
Other non-cash loans	8,819,682	7,783,896
Total	9,560,876	8,420,375

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

III. Explanations and notes related to consolidated off-balance sheet accounts (continued)

1.3.2. Information on sectoral risk concentrations of non-cash loans

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	993	0.07	-	-	6,928	0.51	838	0.01
Farming and raising	940	0.07	-	-	6,240	0.46	838	0.01
Forestry	34	-	-	-	34	-	-	-
Fishing	19	-	-	-	654	0.05	-	-
Manufacturing	226,551	16.53	3,273,142	39.97	243,965	17.97	3,657,236	51.77
Mining	4,221	0.31	1,664,758	20.33	4,251	0.31	2,314,633	32.77
Production	195,217	14.24	1,575,520	19.24	207,116	15.26	1,336,613	18.92
Electric, gas and water	27,113	1.98	32,864	0.40	32,598	2.40	5,990	0.08
Construction	164,473	11.99	921,903	11.26	186,030	13.70	606,823	8.59
Services	972,816	70.93	3,989,413	48.71	913,117	67.27	2,792,368	39.54
Wholesale and retail trade	713,655	52.04	630,070	7.69	563,474	41.51	413,472	5.85
Hotel, food and beverage	8,002	0.58	2,281	0.03	7,667	0.56	32,254	0.46
Transportation and telecommunication	72,077	5.26	268,940	3.28	87,467	6.44	79,156	1.12
Financial institutions	151,367	11.04	2,590,795	31.64	217,013	15.99	1,552,953	21.99
Real estate and renting services	8,539	0.62	182	-	9,591	0.71	6,953	0.10
Self-employment services	18,406	1.34	497,145	6.07	25,864	1.91	707,580	10.02
Education services	25	-	-	-	25	-	-	-
Health and social services	745	0.05	-	-	2,016	0.15	-	-
Other	6,513	0.48	5,072	0.07	7,393	0.54	5,677	0.09
Total	1,371,346	100.00	8,189,530	100.00	1,357,433	100.00	7,062,942	100.00

1.3.3. Non-cash loans classified in Group I and Group II

	TL	Group I		Group II	
		FC	TL	FC	
Non-cash loans	1,326,458	7,962,266	17,857	7,864	
Letter of guarantees	1,326,131	6,948,654	17,857	7,864	
Bank acceptances	-	-	-	-	
Letter of credits	327	951,034	-	-	
Endorsements	-	-	-	-	
Underwriting commitments	-	-	-	-	
Factoring commitments	-	-	-	-	
Other	-	62,578	-	-	

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

III. Explanations and notes related to consolidated off-balance sheet accounts (continued)

1. Information on derivative transactions

	Current period	Prior period
Types of hedging transactions		
Fair value hedges (I)	-	-
Purchase transactions	-	-
Sale transactions	-	-
Cash flow hedges (II)	2,540,000	3,245,834
Purchase transactions	1,270,000	1,622,917
Sale transactions	1,270,000	1,622,917
Net investment hedges (III)	-	-
Purchase transactions	-	-
Sale transactions	-	-
A. Total derivatives held for hedging (I+II+III)	2,540,000	3,245,834
Derivative transactions held for trading		
Trading transactions (I)	83,847,247	59,093,757
Forward foreign currency transactions – buy	10,743,091	5,308,107
Forward foreign currency transactions – sell	10,906,908	5,125,985
Swap transactions- buy	29,667,168	23,348,617
Swap transactions – sell	26,671,170	21,818,534
Foreign currency options – buy	2,929,455	1,746,257
Foreign currency options – sell	2,929,455	1,746,257
Foreign currency futures – buy	-	-
Foreign currency futures – sell	-	-
Interest rate derivatives (II)	25,510,608	20,221,052
Interest rate swap - buy	12,755,304	10,110,526
Interest rate swap - sell	12,755,304	10,110,526
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
Other trading derivative transactions (III)	-	-
B. Total derivative transactions held for trading (I+II+III)	109,357,855	79,314,809
Total derivative transactions (A+B)	111,897,855	82,560,643

3. Information on credit swaps and related risks

As of 31 December 2021 and 31 December 2020, there are no credit derivative transactions.

4. Information on contingent liabilities and assets

As of 31 December 2021, a total provision of TL 111,051 (31 December 2020: TL 74,277) separated other provisions are under the item, considering legal assessment for the lawsuits with a high probability of resulting against the Group and as a result of the audits of public authorities.

5. Information on the services provided on behalf of others

Related information is provided in note IX of section four.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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Notes to the consolidated financial statements for the year ended 31 December 2021

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

IV. Explanations and notes related to consolidated statement of profit or loss

1. Information on interest income

1.1. Information on interest income from loans (*)

	Current period		Prior period	
	TL	FC	TL	FC
Short term loans	1,521,384	187,207	880,393	126,395
Medium and long term loans	2,130,461	511,635	2,418,582	544,144
Interest on loans under follow-up	120,692	-	228,028	-
Premiums received from resource utilization support fund	-	-	-	-
Total	3,772,537	698,842	3,527,003	670,539

(*) Commissions and fees received from cash loans are included.

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	-	-	-
From domestic banks	41,209	1,819	25,329	582
From foreign banks	14	6,528	126	8,594
From branches abroad	-	-	-	-
Total	41,223	8,347	25,455	9,176

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	7,676	2,166	12,508	1,263
Financial assets measured at fair value through other comprehensive income	162,199	-	106,453	-
Financial assets measured at amortised cost	837,879	-	432,895	-
Total	1,007,754	2,166	551,856	1,263

1.4 Information on interest income received from associates and subsidiaries

The interest income from subsidiaries is eliminated in the accompanying consolidated financial statements.

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
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IV. Explanations and notes related to consolidated statement of profit or loss (continued)

2. Information on interest expenses

2.1. Information on interest on funds borrowed (*)

	Current period		Prior period	
	TL	FC	TL	FC
Banks	197,301	139,293	68,750	192,359
Central Bank of Turkey	-	-	-	-
Domestic banks	15,976	5,489	22,893	2,754
Foreign banks	181,325	133,804	45,857	189,605
Branches and offices abroad	-	-	-	-
Other institutions	-	3,730	-	3,072
Total	197,301	143,023	68,750	195,431

(*) Commissions and fees paid for cash funds borrowed are included.

2.2. Information on interest expenses paid to associates and subsidiaries

The interest expenses paid to subsidiaries are eliminated in the consolidated financial statements.

2.3. Information on interest on securities issued

There is no interest on securities issued on current period.

2.4. Allocation of interest expenses on deposits according to maturity of deposits

Account name	Demand deposit	Time deposit					Accumulated deposits	Total
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year		
Turkish lira								
Bank deposits	-	1,912	-	-	-	-	-	1,912
Saving deposits	-	2,252,250	669,039	12,294	7,266	8,254	-	2,949,103
Public sector deposits	-	-	324	-	-	-	-	324
Commercial deposits	-	234,584	17,708	1,401	678	4	-	254,375
Other deposits	-	939	375	2	-	1	-	1,317
7 days call accounts	-	-	-	-	-	-	-	-
Total	-	2,489,685	687,446	13,697	7,944	8,259	-	3,207,031
Foreign currency								
Foreign currency deposits	-	33,177	39,675	775	571	268	-	74,466
Banks deposits	-	1,606	-	-	-	-	-	1,606
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	1,945	-	-	-	-	-	1,945
Total	-	36,728	39,675	775	571	268	-	78,017
Grand total	-	2,526,413	727,121	14,472	8,515	8,527	-	3,285,048

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
for the year ended 31 December 2021**

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

IV. Explanations and notes related to consolidated statement of profit or loss (continued)

3. Information on dividend income

	Current period	Prior period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	507	476
Other	-	-
Total	507	476

4. Information on trading income/loss (net)

	Current period	Prior period
Income	56,195,244	53,544,228
Gains on capital market transactions	29,236	183,390
Gains on derivative financial instruments	24,688,879	15,340,062
Foreign exchange gains	31,477,129	38,020,776
Loss (-)	(55,738,278)	(53,327,332)
Loss on capital market transactions	(41,543)	(84,983)
Loss on derivative financial instruments	(22,876,791)	(14,818,130)
Foreign exchange loss	(32,819,944)	(38,424,219)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 1,947,998 (31 December 2020: TL 625,294 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	467,945	474,848
Income arising from sale of assets	75,402	60,406
Banking services income	1,566	1,758
Other non-interest income	58,696	50,542
Total	603,609	587,554

6. Allowance for expected credit losses and other provision expenses

	Current period	Prior period
Expected credit losses	593,529	1,152,013
12-Month expected credit loss (Stage 1)	33,743	53,220
Expected credit loss significant increase in credit risk (Stage 2)	72,732	192,714
Expected credit loss impaired credits (Stage 3)	487,054	906,079
Impairment losses on securities	1,279	45
Financial assets measured at fair value through profit/loss	1,279	45
Financial assets measured at fair value through other comprehensive income	-	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	73,931	10,790
Total	668,739	1,162,848

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**Notes to the consolidated financial statements
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. Explanations and notes related to consolidated statement of profit or loss (continued)

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	4,215	3,250
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	3,600
Depreciation expense of tangible assets	120,599	134,808
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	30,918	29,006
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expense of securities that to be disposed	-	-
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	855,771	850,530
Operating lease expenses related with TFRS 16 exception	17,058	17,761
Repair and maintenance expenses	34,467	31,361
Advertisement expenses	95,765	92,659
Other expenses	708,481	708,749
Loss on sales of assets	8,664	10,647
Other (*)	291,506	299,619
Total	1,311,673	1,331,460

(*) Includes saving-deposits-insurance-fund related expenses of TL 134,742 (31 December 2020: TL 131,304).

8. Information on income / (loss) before taxes for continued and discontinued operations

As of 31 December 2021, the income before taxes is TL 1,591,679 (31 December 2020: TL 986,945).

9. Information on tax provision for continued and discontinued operations

As of 31 December 2021, the corporate tax provision expense for the period is TL 108,704 (31 December 2020: TL 250,762), and the deferred tax expense is TL 282,862 (31 December 2020: TL 31,953 current tax income).

10. Information on net operating income after taxes for continued and discontinued operations

As of 31 December 2021, the net operating income after taxes is TL 1,200,113 (31 December 2020: TL 768,136).

11. The explanations on net income / loss for the period

Interest income from regular banking transactions is TL 6,616,553 (31 December 2020: TL 5,225,358), while the interest expense is TL 3,690,883 (31 December 2020: TL 2,170,377).

There are no changes in estimations related to the items in the financial statements.

12. If the other items in the statement of profit or loss exceed 10% of the statement of profit or loss total, explanations on the sub-accounts amounting to at least 20% of these items

Other fees and commissions received amounting to TL 498,503 (31 December 2020: TL 447,042) has included TL 130,028 (31 December 2020: TL 109,726) resulting from the credit card fees and commissions, TL 49,200 (31 December 2020: TL 31,556) resulting from service fees and commissions from contracted merchants and TL 109,004 (31 December 2020: TL 136,957) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 198,486 (31 December 2020: TL 182,062) has included TL 100,342 (31 December 2020: TL 73,823) resulting from credit card exchange commissions.

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

IV. Explanations and notes related to consolidated statement of profit or loss (continued)

13. Fees related with the services provided by independent auditors/independent audit agencies

In accordance with the decision made by Public Oversight Accounting and Auditing Standards Authority dated 26 March 2021, fees, based on the given reporting period, in relation to the services provided by independent auditors or independent audit firms excluding value added tax costs are presented in the following table. These fees include the fees for services rendered to the Bank's foreign and domestic subsidiaries.

	Current period	Prior period
Independent audit fees in the reporting period	3,289	2,569
Total	3,289	2,569

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

Under the Turkish Commercial Code ("TCC"), legal reserves comprise of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

The Ordinary General Assembly Meeting of the Parent Bank was held on 25 March 2021. In the Ordinary General Assembly meeting, it was decided to transfer TL 626,645 unconsolidated net income from 2020 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 31,332, TL 525,858 and TL 7,455, respectively.

In the Ordinary General Assembly, gross amount of TL 62,000 cash dividend was distributed from retained earnings to the Parent Bank's shareholders on 29 March 2021.

General Assembly of the Parent Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting of the Parent Bank has not been held as of the date of these financial statements.

As of the balance sheet date, consolidated legal reserves amount to TL 368,858 (31 December 2020: TL 334,352)

As of the balance sheet date, consolidated extraordinary reserves amount to TL 5,335,988 (31 December 2020: TL 4,716,511).

VI. Explanations and notes related to the consolidated statement of cash flows

1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

1.1. Cash and cash equivalents at the beginning of the period

	31 December 2020	31 December 2019
Cash	1,381,960	1,253,373
Cash in vault	224,384	305,785
Cash in foreign currency	1,157,576	947,588
Cash equivalents	11,493,395	12,152,246
Central Bank of Turkey	4,869,324	3,146,437
Banks	1,599,686	749,232
Interbank money market	5,024,385	8,256,577
Total	12,875,355	13,405,619

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VI. Explanations and notes related to the consolidated statement of cash flows (continued)

1.2. Cash and cash equivalents at the end of period

	31 December 2021	31 December 2020
Cash	3,013,716	1,381,960
Cash in vault	134,581	224,384
Cash in foreign currency	2,879,135	1,157,576
Cash equivalents	13,224,932	11,493,395
Central Bank of Turkey	9,411,191	4,869,324
Banks	1,041,745	1,599,686
Interbank money market	2,771,996	5,024,385
Total	16,238,648	12,875,355

2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement

Amounting to TL 141,065 increase (31 December 2020: TL 120,929 increase) under "Operating profit before changes in operating assets and liabilities" consists of other operational incomes.

Amounting to TL 3,640,858 increase (31 December 2020: TL 2,192,268 increase) under "Operating profit before changes in operating assets and liabilities" consists of profit / loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

Amounting to TL 3,915,846 decrease (31 December 2020: TL 287,614 decrease) under "Changes in operating assets and liabilities" consists of mainly changes in prepaid expenses, factoring and leasing receivables and changes in exchange accounts under other assets.

Amounting to TL 7,166,096 increase (31 December 2020: TL 222,541 increase) under "Changes in operating assets and liabilities" consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

Amounting to TL 19,206 decrease (31 December 2020: TL 20,303 decrease) under "Net cash flow from investment activities" consists of mainly purchase of intangible assets.

As of 31 December 2021, the effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 4,779,970 (31 December 2020: TL 1,090,199).

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

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VII. Explanations and notes related to risk group of the Parent Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances

1.1. Current period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and other receivables					
Beginning of the period	-	-	3,714	944,813	8,949	358,190
End of the period	-	-	187	1,082,968	395	428,782
Interest and commission income	-	-	40	3,199	-	524

1.2. Prior period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and other receivables					
Beginning of the period	-	-	120	569,874	39	201,879
End of the period	-	-	3,714	944,813	8,949	358,190
Interest and commission income	-	-	41	2,788	-	421

1.3. Information on deposit balances of the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
	Deposit					
Beginning of the period	-	-	49,817	102,613	67,237	29,018
End of the period	-	-	1,974	49,817	57,551	67,237
Interest expense on deposits	-	-	376	355	3,684	2,361

1.4. Information on forward and option agreements and other similar agreements entered into with the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
	Transactions at fair value through profit and loss					
Beginning of the period	-	-	12,046,297	23,135,735	-	27,994
End of the period	-	-	19,803,771	12,046,297	-	-
Total profit/loss	-	-	(4,287)	(37,591)	13,063	45,053
Transactions with hedging purposes						
Beginning of the period	-	-	1,002,441	2,005,290	-	-
End of the period	-	-	-	1,002,441	-	-
Total profit/loss	-	-	(2,002)	(36,269)	-	-

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

VII. Explanations and notes related to risk group of the Parent Bank (continued)

1.5. Information on placements made with the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	273,041	93,206	15,623	8,121
End of the period	-	-	348,687	273,041	36,239	15,623
Interest income received	-	-	20	130	1	28

1.6. Information on loans borrowed from the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	8,208,721	9,411,987	19,104	3,901
End of the period	-	-	7,784,256	8,208,721	19,903	19,104
Interest and commission paid	-	-	205,253	122,244	908	362

The Group has no subordinated loan from its shareholder ING Bank NV as of 31 December 2021 (31 December 2020: TL 4,019,844).

1.7 Information regarding benefits provided to the Group's top management:

Benefits paid to key management personnel for the period ended as of 31 December 2021 is amounting to TL 36,595 (31 December 2020: TL 29,229).

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Parent Bank

	Number	Number of employees
Domestic branches	167	3,151
	Country	
Foreign representative offices	-	-
	Total assets	Capital
Foreign branches	-	-
Off-shore banking region branches	-	-

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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Section six

Other Explanations

I. Other explanations on the Parent Bank's operations

None.

II. Explanations and notes related to subsequent events

Wouter Meijs has been appointed as Technology Executive Vice President per the Board of Directors resolution No. 96/2 and dated 30 November 2021, starting from 1 January 2022.

Operations Executive Vice President and ExCo Member, Yücel Ölçer, has been appointed COO for Retail Banking at ING Group effective of 1 January 2022. N. Yücel Ölçer will continue to hold this position by proxy until a new assignment is made regarding the role of Executive Vice President for Operations.

The Parent Bank applied to the BRSA on 27 December 2021 for the liquidation of ING Factoring. With the decision of the BRSA Board numbered 10043 and dated 13 January 2022, the cancellation of the operating license of ING Factoring was approved.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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Section seven

Independent auditors' report

I. Explanations on the independent auditors' report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 31 December 2021, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditors' report dated 11 February 2022 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

There are no other significant footnotes and explanations related to the operations of the Group that is not mentioned above.