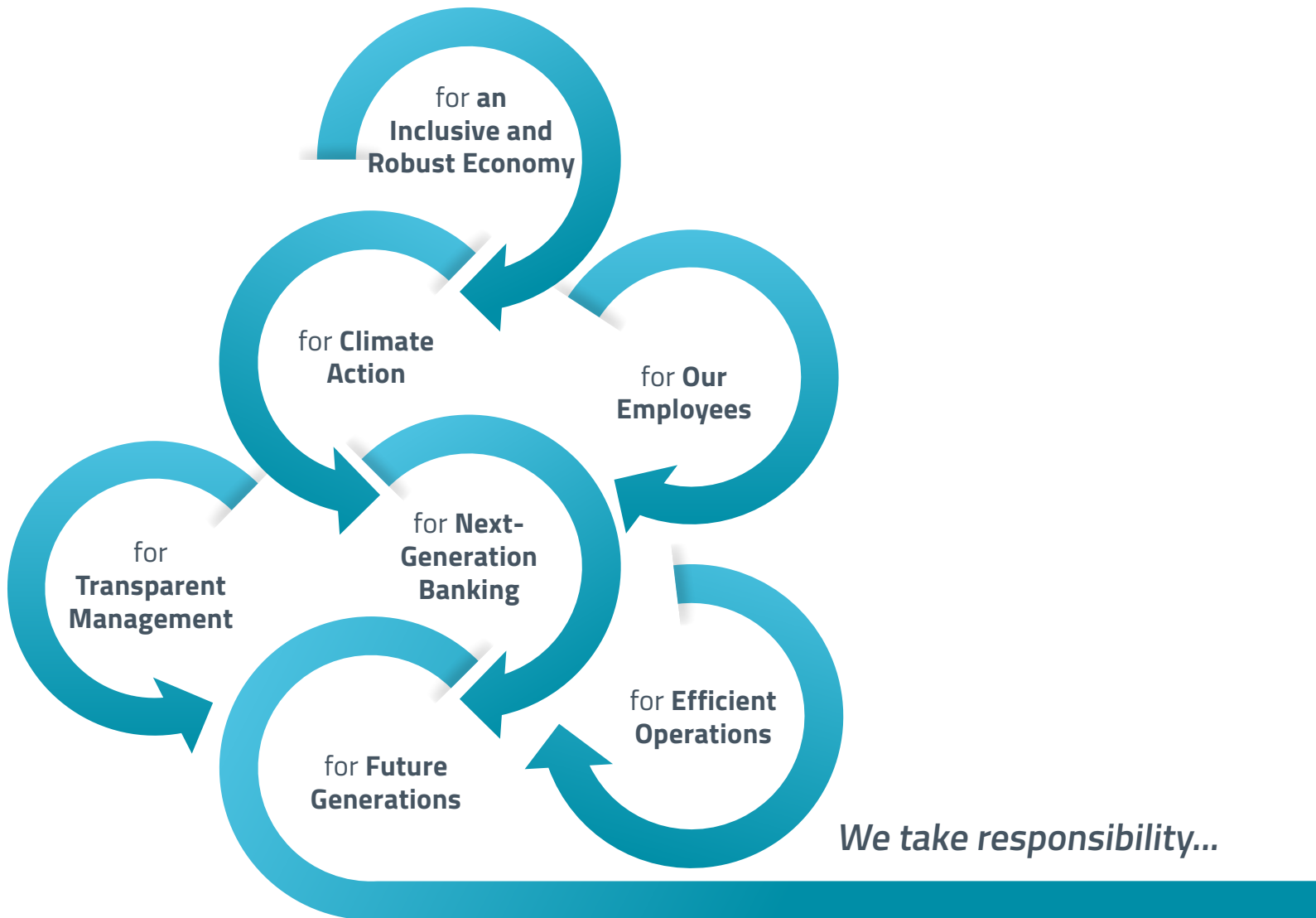


2021 Integrated Annual Report



#ourworldourfuture

İŞBANK

Contents



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109



133

Guidance



Completed Project



Information in different sections or reports



Uncompleted Project



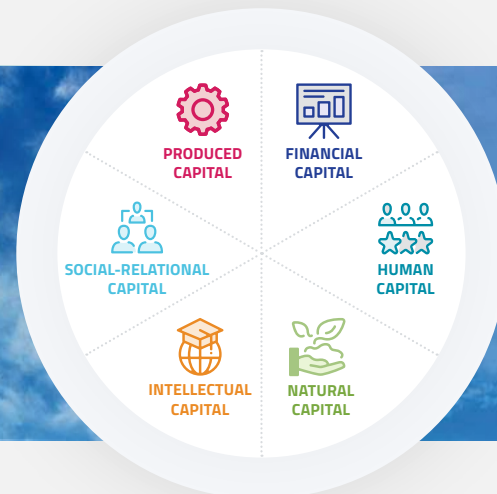
Information on the website



Ongoing Project



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Introduction

"We Take Responsibility..."

İşbank has set out the theme of its first integrated annual report as "We Take Responsibility". Preparing to celebrate its 100th anniversary in 2024 and continuing to work with the vision of "The Bank of the Future", İşbank has always provided permanent support to the country's economy since the day it was founded.

The economic and social difficulties caused by the COVID-19 pandemic, the increasing adverse effects of climate change, and income inequality have affected Turkey as well as the rest of the world. Many organizations, families and individuals have had to face both financial and moral difficulties in this period. An inclusive, low-carbon and innovative economy has become more urgent than ever. During this process of change, the banking sector plays an important role. İşbank is aware of its duties and responsibilities in this regard. In line with its historical mission, the Bank operates with the aim of becoming a reliable partner that focuses on the welfare of all segments of society with innovative and creative economic growth target which is respectful of natural life balance.

2021 Integrated Annual Report aims to shed light on the vision of how the value creation model, which is called İşbank Banking, will be managed in this transition period. 2021 report summarizes the Bank's approach to taking responsibility and the value creation for its stakeholders in four main sections.

The "How Do We Create Value?" section explains the value creation process through İşbank Banking, which reflects İşbank's integrated sustainability approach. This section includes the sustainability priorities revised in 2021, sustainability initiatives supported, communication with stakeholders and contribution to United Nations Sustainable Development Goals.

The "Reliable Financial Actor" section presents the role that İşbank plays as a financial organization for an inclusive and robust economy. This section includes the changes anticipated

by the financial sector and İşbank's goals for a sustainable financial performance, the customer experience that İşbank considers while presenting its products and services, and its performance in inclusion, financial literacy, raising savings awareness, as well as İşbank's roles and targets in climate action. The final part of the Reliable Financial Actor section includes İşbank's digitalization journey and the performance in this field.

The "Responsible Operations" section sets out the projects and practices developed by İşbank to minimize the negative environmental impacts of its operations and extend the working standards of the Bank throughout the supply chain. This section also reports the responsibilities İşbank takes for its employees, how İşbank employees are getting prepared for the banking competencies of the future, and the Bank's gender equality approach.

The "Good Corporate Citizen" section summarizes the Bank's corporate governance structure, ethical and responsible banking approach, management principles, and performance. The "We Take Responsibility for Future Generations" section presents a summary of İşbank's vision of corporate social responsibility and projects realized in line with this vision. Effects of the COVID-19 pandemic continued all over the world in 2021. The measures taken by İşbank for its employees and customers within the scope of the pandemic are also reported in a separate section in the report.

İşbank has positioned sustainability, which is the basis of its business model, as one of the main focal points of its corporate strategy with a holistic approach. As an indicator of this approach, the Bank has prepared its first Integrated Annual Report, which includes a comprehensive evaluation of its financial and non-financial performance in 2021. İşbank, which completed 2021 with success despite all the global turmoil, shall continue to take into consideration economic, social and environmental effects of its activities and take responsibility for the country's economy as a reliable institution.

About the Report

İşbank prepared its first Integrated Annual Report in 2021.

This report aims to shed light on the responsibilities İşbank has taken in the rapidly changing new economic system.

Structure and content of the report

İşbank's first integrated annual report provides up-to-date information about the Bank's activities carried out with its approach focusing on creating sustainable and shareable value by taking into consideration financial and non-financial capital elements together. The 2021 Integrated Annual Report includes İşbank's 2021 performance, the value created for all of its stakeholders with this performance, the risks and opportunities it has faced in the value creation process, and the integration of the Bank's sustainability priorities into business model.

A separate section has been created in the report in order to explain the measures taken in the fields of employee health, customer service, and business continuity with regards to the Coronavirus (COVID-19) pandemic that continued to impact the whole world in 2021. [See Fight Against COVID-19](#)

Period and scope of the report

The İşbank 2021 Integrated Annual Report presents the Bank's performance for the period between January 1st, 2021 and December 31st, 2021. The Integrated Annual Report includes consolidated and unconsolidated financial statements and independent audit report. The scope of the report covers İşbank's activities in Turkey and operations abroad. The activities of the Bank's subsidiaries are not included in the scope of reporting.

Compliance and legislation

İşbank, which is publicly traded on Istanbul Stock Exchange, ensures that the Bank's 2021 Integrated Annual Report is in compliance with the minimum requirements of the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB) on annual reporting.

The İşbank Integrated Annual Report is compatible with the Integrated Reporting Framework (<IR> Framework) of the International Integrated Reporting Council (IIRC). The 2021 Integrated Annual Report has been prepared in accordance with the GRI Standards-Comprehensive practice published by the Global Reporting Initiative (GRI).

[See GRI Standards Content Index](#)

In organizing the content of report, the Provisional Standard for Commercial Banks guide released by the Sustainability Accounting Standards Board - SASB, United Nations Environment Program Finance Initiative's (UNEP-FI) Principles for Responsible Banking, and Carbon Disclosure Project's (CDP) Climate Change Program Guidance were utilized.

The report also includes İşbank's contribution to the United Nations Sustainable Development Goals.

[See Contribution to Sustainable Development Goals.](#) İşbank, a signatory of the United Nations Women's Empowerment Principles (UN WEPs), has prepared detailed performance summary on gender equality. The Bank's performance in this area can be found in the Women's Empowerment Principles Progress Statement. [See Women's Empowerment Principles Progress Statement](#)

Audit

The financial statements included in İşbank's 2021 Integrated Annual Report have been audited by Güney Bağımsız Denetim ve SMMM A.Ş. [See Compliance Opinion](#) KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has provided limited assurance on selected non-financial information. [See Independent Assurance Report](#) İşbank's Environmental Management System has been audited within the scope of ISO 14001: 2015 standard under DAKK5 accreditation by TÜV SÜD.

Senior management statement

In the opinion of İşbank's senior management, this report includes all the topics in terms of value creation for the Bank's stakeholders while presenting a holistic evaluation of the Bank's financial and non-financial performance for the period between January 1st, 2021 and December 31st, 2021 and its plans for the future. The statement of responsibility regarding this report has been prepared as per the relevant legislation and presented on the KAP platform. The statement can be found on the Bank's [corporate website](#).

Contact

The report is accessible via the Public Disclosure Platform (KAP) and on [www.isbank.com.tr](#)

Please send your opinions and suggestions on the report to sustainability@isbank.com.tr.



An Overview of İşbank



Corporate Profile

As one of the most reliable financial institutions in Turkey, İşbank plays a role in building the financial futures of millions of customers through its digital service channels and service network throughout the entire country.

İşbank, an organization synonymous with trust, consistency and dignity, works for an inclusive and environment-friendly economy with its sense of responsibility stemming from its history.

As of the end of 2021, with 22,802 employees providing service to 20.7 million customers, İşbank is the largest private bank in Turkey with its total asset size of TL 926.6 billion. İşbank is amongst the most highly respected institutions of the banking sector with its products and services in corporate, commercial, SME, retail and private banking.

İşbank provides services to its customers with 62 Regional Directorates and 1,174 branches in Turkey in addition to the Head Office in Istanbul, Tuzla Technology and Operations Center (TUTOM), Tuzla Atlas Data Center, and Ankara Operations Center (ATOM).

Providing service through its branches and digital channels developed as a result of huge investments, İşbank continues to create value for its customers through its Internet Branch,

İşCep (the mobile app), Call Center, 6,476 ATMs in Turkey and the Turkish Republic of Northern Cyprus (TRNC), and 570,212 POS devices (including online POS).

İşbank carries out cross border banking activities with 2 branches in Iraq, 2 branches in Kosovo, 2 branches in the UK, 1 branch in Bahrain and 14 branches in the TRNC as of the end of 2021. The Bank has 2 representative offices, one in Shanghai (China) and the other one in Cairo (Egypt). In addition to aforementioned, İşbank carries out banking activities via its subsidiaries in Germany, Russia and Georgia.

İşbank Group is an integrated organization with domestic and international subsidiaries operating in many fields. As of the end of 2021, İşbank holds direct and indirect shares in 132 companies. The number of companies controlled directly or indirectly by the Bank is 109.



For detailed information, please see [Subsidiaries](#) on page 63 and [Direct and Indirect Subsidiaries](#) on page 64.

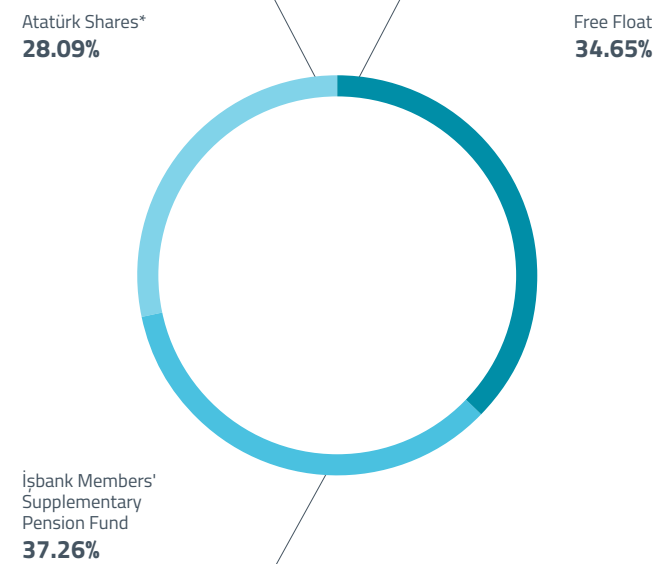
Strong and Sustainable Financial Structure

İşbank has a strong, resilient and agile financial structure. As of the year-end 2021, İşbank's shareholder equity amounts to TL 86.8 billion and its capital adequacy ratio is 20.4%, well above the legal limit. The Bank reinforces its support to its customers by taking advantage of the opportunities created by its sustainable and strong financial structure.

Widespread Shareholding Structure

Having a widespread shareholder base, İşbank has approximately 175 thousand shareholders, consisting of institutional and individual investors. 37.26% of the Bank's capital is owned by İşbank Members' Supplementary Fund, the members of which are around 49 thousand employees and retirees.

İşbank's Shareholding Structure**



*These shares belong to Atatürk and are represented by the Republican People's Party in accordance with Atatürk's will. Since the dividend income of these shares was left to the Turkish Linguistic Society and Turkish Historical Society in accordance with Atatürk's will, dividend payments are made to the aforementioned institutions within the framework of the will and legal framework.

**The shareholding structure is provided as of 31.12.2021. (31.12.2020: Pension Fund 37.08%, Atatürk Shares 28.09%, Free float 34.83%).

Deep-Rooted Banking Tradition

İşbank, the first national bank of the Turkish Republic, was founded on August 26, 1924 in line with the decisions taken at the İzmir First Economics Congress by directives of Atatürk.

Since the day it was founded, İşbank has been a brand synonymous with trust, dignity and reputation in the eyes of its stakeholders in national and international markets.

Having undertaken pioneering roles and critical duties in economic life based on its founding mission, the Bank has not hesitated to take responsibility in difficult times. İşbank creates permanent value for its stakeholders in the medium and long term, as it does in the short term, with its deep-rooted and powerful business model.

Innovative Banking for 97 Years

İşbank has been operating in Turkey for 97 years with its sustainable and robust financial structure.

Celebrating its 97th year in 2021, the Bank carries out its activities in line with the vision of developing innovative products, services and applications that meet the banking expectations of the future through pioneering practices within the sector.

There are many innovations that İşbank has introduced to the banking sector. Introducing the first ATMs to Turkey, İşbank's ATM named "Bankamatik" has become a brand. İşbank was the first bank in Turkey to offer the Internet branch and mobile banking application to its customers. Increasing its investments in technology every year, İşbank has also made a difference in the sector in next-generation digital banking applications.

20.7
million Customers

22,802
Employees

The biggest private bank in Turkey with total assets of

TL 926.6 billion



İSBANK'S VISION, GOALS, VALUES AND STRATEGY



Our Vision

Becoming the bank of the future, creating sustainable value with an inclusive and participatory approach



Our Strategic Goals

- ▶ Commitment to our country
- ▶ Strong and sustainable financial performance
- ▶ Efficient risk management
- ▶ Flawless customer experience
- ▶ Value creating technology and innovation leadership
- ▶ Happy and productive human resource
- ▶ Ethical and responsible banking compassionate towards people, society and the environment



Our Values

Innovation, Solidarity, Common Sense, Reliability, Sincerity, Transparency guided by the principles of "Intelligence, diligence, integrity, technical and methodical work"



Our Strategy

Managing our balance sheet to ensure sustainable and value-added growth while using our internal and external resources in accordance with the priorities of the country's economy and getting prepared for the future by continuously improving our business model along with our group companies and all our business partners in the period of technological transformation.

İsbank in Figures in 2021

TL 926.6 billion
Asset Size

TL 493.4 billion
Cash Loans

TL 595.6 billion
Deposits

TL 86.8 billion
Shareholders' Equity

the leader among
private banks

20.7
million
customers

1,174
domestic
branches

10.2
million
number of total
digital banking
customers

21
overseas
branches

97%
local
procurement
rate

90%
customer
satisfaction
score

30 thousand
number of chess
classes opened in
schools

57 awards
number of national and
international awards

20.2 million
number of users served
by Bankamatik ATMs,
including customers of
other banks

2.1 million
number of Maximum
Mobile users

95.6%
ratio of transactions
out of total
transactions made
through non-branch
channels in İsbank

36.6% share of
Bankamatiks among
total monetary
transactions

85 thousand
number of Geleceğe
Orman (Forest for the
Future) users

2.6 million
Social media
followers

439 thousand
number of İŞTE
KOBİ views (İsbank's
website for SMEs)

5.4 million
number of credit card
customers receiving
digital credit card
statements

79.1 million MWh
the amount of clean
energy generated
through the projects
financed by İsbank in
the last 3 years

15
Number of investments
subjected to
environmental and
social risks assessment.

14,392
person*hours of
total sustainability
training hours

1,008 MW
total installed
capacity of
renewable energy
projects financed in
2021

18.6
Low Risk
Sustainalytics
ESG Risk Rating

B
CDP Climate
Change Report
Rating

55%
Rate of women
employees

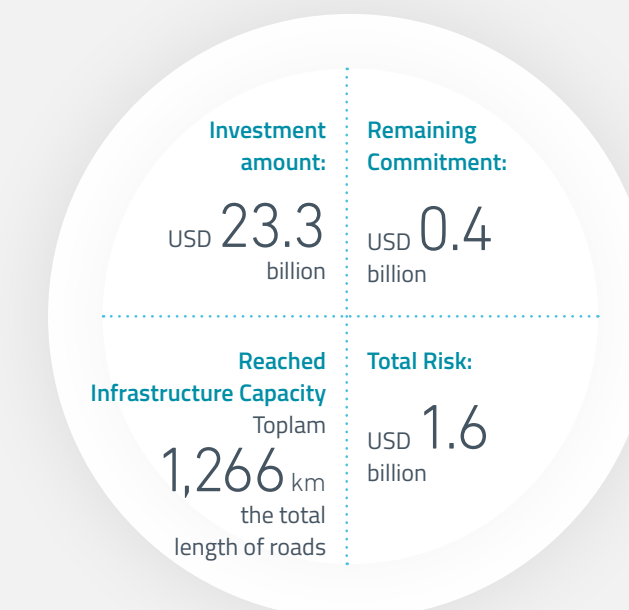
44%
Rate of women
managers

2.01%
Employee turnover rate

29.3 hours
Average training
time per employee

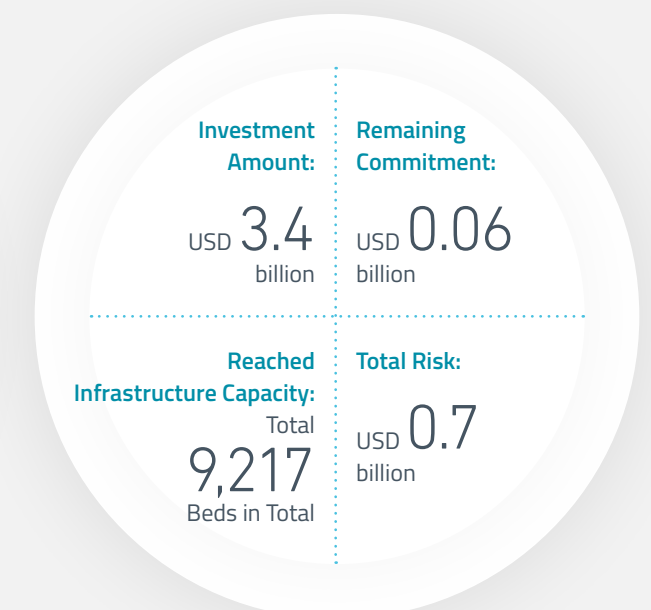
98%
Unionization rate

Infrastructure - Public Private Partnership / Highway Projects



Infrastructure Projects financed by İsbank.

Infrastructure - Public Private Partnership / Public Health Campus Projects





İşbank from 1924 to Today



1920s and 1930s

İşbank, the first national bank of the Turkish Republic was established on August 26, 1924 in line with the decisions taken at the İzmir First Economics Congress with Atatürk's directives.

Expanding to a country-wide branch network throughout Turkey upon its foundation, İşbank was the first Turkish bank to establish branches abroad, with the first international branches opened in Hamburg, Germany, and in Alexandria, Egypt in 1932.

1950s

The Bank extended its portfolio of subsidiaries. As the Bank's subsidiaries became the drivers of Turkish industry, the Bank invested in and financed numerous industries, with a focus on manufacturing.



1980s

In the 1980s, İşbank increased the number of its overseas branches. For İşbank, the 1980s were characterized by the growing importance of multichannel banking, and the Bank started offering an even broader range of products to its customers.

In 1982, İşbank introduced the first ATMs to Turkey, and its ATMs named "Bankamatik" became a brand.



1960-1970s

In the 1960s and 1970s, İşbank focused on extending its branch network.

1990s

İşbank further solidified its position as the sector's pioneer in alternative distribution channels when it launched "Mavi Hat (Blue Line)" in 1991 and the first online banking branch in 1997.

2000s

Maintaining strong and stable growth, İşbank relocated the Bank's headquarters from Ankara to Istanbul in 2000.

In 2006, İşbank initiated the Transformation Project that aimed at restructuring a customer-focused approach in line with its strategic goals. As a result, the Bank successfully completed many projects, which was referred to as a structural revolution.

In the light of rapid advances in technology, İşbank continued to improve the innovative multichannel banking network, allowing customers to utilize the most suitable channel to perform all banking transactions conveniently, quickly and reliably on a 24/7 basis.

2010s

Initiating the customer-centered Digital Transformation Program with the vision of becoming "Turkey's Best Digital Bank", İşbank founded MaxiTech, its subsidiary, in Silicon Valley, USA in 2016 to support digital transformation.

The "Workup by İşbank" Entrepreneurship Program was initiated in order to support high potential and technology-focused initiatives (Startups). In addition, the "Innovation Committee" was established at İşbank in order to spread the innovation culture and continue innovation processes without interruption.



In 2018, İşbank continued to consolidate its leadership in digital banking by integrating the personal assistant application Maxi into the service platform, which rapidly achieved a record number of customer contacts.



İşbank went one step further in the world of innovation with the opening of the Shanghai Innovation Center.

With TekCep service, Turkey's first open banking app, the Bank made it possible to track account movements at different banks via İşCep.



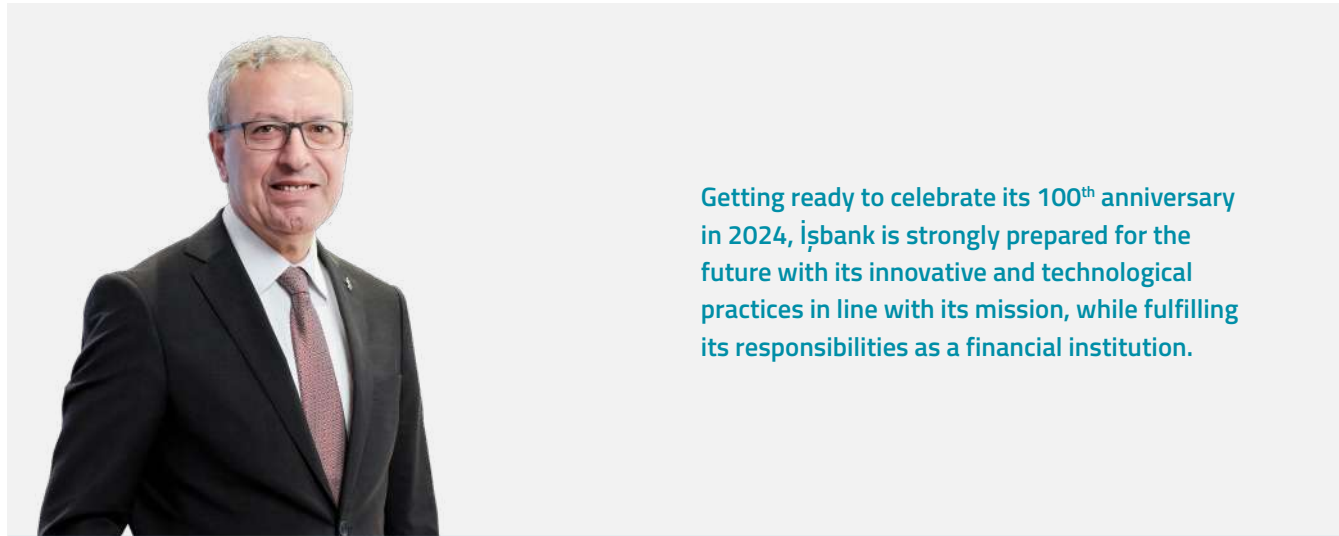
2020s

Under the extraordinary conditions of COVID-19 pandemic, İşbank demonstrated its support to households and companies through products and services provided.

The Bank also maintained its success in providing long-term funds from international markets under favorable conditions and extended its support to the Turkish economy.



Message from the Chairperson



Getting ready to celebrate its 100th anniversary in 2024, İşbank is strongly prepared for the future with its innovative and technological practices in line with its mission, while fulfilling its responsibilities as a financial institution.

Esteemed Stakeholders,

İşbank and its subsidiaries are a large group that supports the sustainable growth and development of Turkey with the products and services they offer for export and manufacturing, as well as the employment they create.

Parallel to the mission of ensuring the economic independence it has assumed since the early years of Turkish Republic the Bank has always offered its resources for the primary economic needs of the country.

İşbank has acted with a long-term perspective and inclusive, participative approach for all the actors of the economy throughout its history.

Getting ready to celebrate its 100th anniversary in 2024, İşbank is strongly prepared for the future with its innovative and technological practices in line with its mission, while fulfilling its responsibilities as a financial institution.

İşbank Banking

As we have seen more frequently in recent years, climate change which can lead to natural disasters and migration, has begun to gain more importance as a real and financial risk factor within the framework of increasing sensitivity to global problems along with the pandemic. The financial sector stands out due to its transformative power in terms of the measures to be taken against climate change and its effects.

As an institution that is aware of its responsibilities in this field, we plan our activities in a way that will increase both the current product range and the financing we provide with the approach of "creating shared and sustainable value". We embody this approach in our business model that we name "İşbank Banking", and accordingly use all capital elements efficiently and effectively.

We cooperate with our customers in order to create more value added and ensure that the digital transformation in the economy spreads to all sectors. We maintain our strong financial support to SMEs, the most important components of our economy. Each year we enlarge the extent of our products and services that will enhance the participation of women and young people in the economy. We take initiatives in order to eliminate the destructive impacts of climate change and introduce the opportunities of the transition economy to our customers.

Sustainability is one of the main focal points of our corporate strategy

In our credit processes, we have been analyzing environmental and social risks since 2012. We continue to focus on expanding this process in a way that will not be limited to investment projects over a certain amount. By identifying

the environmental and social risks of our customers, we aim to contribute to their green transformation and encourage them. We contribute to the mitigation of the risks and impacts of climate change by financing renewable energy projects. After 2015, we allocated all of the new project financing for electricity generation to renewable energy projects.

We believe that increasing the participation of women enterprises in the economy and increasing the number of women in the workforce are the key elements to sustainable development, and we work in this direction. As a signatory of the United Nations Women's Empowerment Principles (WEPs), we have reinforced our stance in many areas, from providing finance and training activities for female entrepreneurs to the egalitarian attitude that we have displayed in our workplace. We believe that conducting our activities by taking these internationally approved principles into consideration will create significant added value.

We adopt an approach that combines digitalization and sustainability in agriculture and thus bringing agriculture, technology and finance together. We aim to create an effect on food safety and resource productivity with our activities in this field.

Considering the social benefit, as well as the needs and expectations of all its stakeholders, İşbank relates the outputs from its value creation process with the United Nations Sustainable Development Goals that it has contributed to, and demonstrates its support for global goals. We position sustainability, which we have internalized with the corporate culture, as one of the main focal points of our corporate strategy. The Bank carries out all of its activities to this end with the involvement of all İşbank employees and under the leadership of its Board of Directors.



We adopt an understanding that takes the needs of all segments of society into account.

While designing our products and services as well as our social responsibility projects, we adopt an understanding that takes the needs of all segments of society into account. Since our establishment, we have acted with an understanding to create inclusive, sustainable and shareable social and economic value.

We undertake social responsibility projects in various fields, such as education, culture, art and the environment. In our projects that are designed to create long-term benefits, we prioritize activities that support the education and life quality of our children whom we will entrust our future.

We have been the main sponsor of the Turkish Chess Federation since 2005. With the support we provide, we aim to help raising generations who are able to think and approach problems analytically, and develop strategies, while making chess an easily accessible sport to our children and youth all over the country. Our decision to extend this support for another 5 years indicates the importance that we attach to education and social development. Within the framework of sponsorship, the total number of chess classes opened throughout the country has reached 30,000, and the number of licensed sportspersons has reached 1 million.

We have given away 14 million printed books to primary students so far within the scope of the “One Million Books, One Million Children” Campaign, now in its 15th year. During the pandemic, we uploaded books to the digital platform in 2020 and 2021. In addition, the books were also printed in the Braille alphabet and sent to the schools providing education for the visually impaired.

In cooperation with Darüşşafaka since 2008, we have continued to support "81 Students in 81 Cities" project, which is one of the most comprehensive and long-term projects in the field of education in the country. Within the scope of the project, nearly 750 students, including 296 students in 2021, have graduated so far. The students, whose education expenses in Darüşşafaka are covered by İşbank starting from the 5th grade, continue to receive support during their university years, as well.

With the revenue obtained from the İş Portföy TEMA Variable Fund, the first environmental fund to adopt the principle of investing in environmental-friendly companies, we support the Environmental Education Programs of the TEMA Foundation. With the programs designed specifically for preschool and elementary school children, we create opportunities for them to spend time in nature, to observe and discover nature to find out more about the earth they live on and increase their environmental awareness.

In the 2021-2022 academic year, within the scope of environmental education programs, about 200 thousand children were reached in 81 cities.

Recently, we have also initiated the Impact Entrepreneurship Program along with the Koç University Entrepreneurship Research Center KWORKS. The program aims to support the scaling of technology-based initiatives that create an environmental and social impact on areas such as quality education, healthy and quality life, climate, accessible and clean energy, sustainable cities and communities. In this way, we will contribute to the sustainable solution-making process for environmental and social problems.

We Take Responsibility for a Brighter Future

The negative impacts of the pandemic and climate change serve as a kind of warning for the future for every country and institution. Reassessment of the distribution of scarce resources and transition into inclusive and sustainable economic growth models planned with a long-term perspective have become an agenda that is more urgent than ever before. Strong institutions and qualified human resources are needed for this economic transformation.

As old as our Republic, our Bank successfully managed crises and fluctuations throughout history and took on essential responsibilities in hard times. We will continue to work in

order to carry our Bank and our country into the future with this sense of responsibility and create value by combining our experience from the past with strong human and financial capital and taking advantage of the opportunities provided through technology and digitalization. For a brighter future, we will maintain our multifaceted contribution and support to all our stakeholders, particularly our children.

I would like to take this opportunity on behalf of our Board of Directors to thank all our stakeholders, especially İşbank members, who have contributed to the success of our Bank so far by adhering to the principles set forth by our Founder, Mustafa Kemal Atatürk.

Yours sincerely,

Adnan Bali
Chairperson



Message from the CEO



We fulfill our responsibility in building an inclusive economy that takes care of the welfare of all segments of society.

Therefore, we have set out the theme of our first Integrated Annual Report in 2021 as "We Take Responsibility".

Esteemed Stakeholders,

The economic, social and cultural impacts of the pandemic still continue in the world. The global economy has made a rapid recovery in 2021 thanks to the widespread vaccination and the economic measures taken. However, despite the recovery in economic activity, disruptions in the supply chain and increased energy and commodity costs led to a rise in the inflation indicators on a global scale. As of the second half of 2021, normalization in monetary policies began in many countries depending on the deterioration in inflation expectations. The global economy is expected to maintain its growth in 2022 with a slight deceleration.

Economic activity in Turkey gained momentum as a result of the positive impact of domestic and international demands in 2021. On the other hand, a significant increase in inflation was recorded due to both domestic dynamics and inflationary pressures in the world. In this period, in spite of the strong growth and the positive picture drawn by the export performance, both global and domestic conditions for the Turkish economy have become more challenging in terms of price stability.

The banking sector, on the other hand, managed the risks successfully with its strong financial structure while maintaining its continuous financial support to the national economy in an environment where instability has increased in financial markets.

We take responsibility

İşbank continues to work in line with the mission of "reinforcing the political independence of the Republic of Turkey with economic independence" spelled out by Mustafa Kemal Atatürk.

The economic challenges stemming from the pandemic and the negative effects of climate change are felt deeply in our country and around the world, and this makes an inclusive, fair and green transition necessary.

In this difficult period that we are experiencing these days, as an institution aware of its responsibilities, we make our short, medium, and long term plans to include the actions that will create an effect and contribute to our livable common future. Accordingly, we fulfill our responsibility to build an inclusive economy that looks out for the well-being of all segments of society.

Therefore, we have set out the theme of our first Integrated Annual Report in 2021 as "We Take Responsibility".

We continued to create value with our strong financial performance

In 2021, the 97th year of our Bank, we continued to support the national economy with the products and services we provided to the real sector and households. We successfully completed a year which was challenging all over the world. With our total assets reaching TL 926.6 billion as of year-end, we have maintained our position as "the biggest private bank in Turkey".

In 2021, we also maintained our leadership among private banks in terms of credits, deposits and shareholder equity, as well as total assets. With our cash loans reaching TL 493.4 billion as of year-end 2021, the total equity we provided for the economy through non-cash loans increased to TL 193.4 billion.

The total financing provided to SMEs, one of the most important components of our economy, in the form of cash and non-cash loans reached TL 135.7 billion as of 2021.

In 2021, we also took important steps to diversify the products and services we offer to households while expanding the presentation channels. We increased our business volume in private banking by using all channels effectively, especially digital ones. Our total retail loans reached TL 109.7 billion with an increase of 27.2% compared to the previous year.

Our Bank, which is known as an institution synonymous with trust, prestige and dignity by all its stakeholders, has become the first choice of account owners this year once again. The total deposit volume reached TL 595.6 billion at year-end 2021. We maintained our market share leadership amongst private banks in terms of total deposits, commercial deposits and demand deposits.

We build the bank of the future

Approaching our 100th anniversary, our target is to build the bank of the future with its business model, organization structure, service concept, competencies of employees, and technological infrastructure. While standing out as a leader in utilizing technology and digitalization in the most convenient way, we focus on establishing a young, dynamic, modern banking concept that is ahead of its time with the help of our powerful balance sheet performance and the contribution of our sustainability activities.

While establishing an innovation center across a wide geography from Silicon Valley to China by adapting digitalization to all our processes, we have determined it as our main priority to provide quality and customized banking services to meet the expectations of our customers with a flawless digital experience with our investments in technology. We broke ground in fields such as "Open banking", "platform banking", "invisible banking", and "personalized banking with artificial intelligence" that have the potential to change the conventional banking concept.

Within this framework, the number of digital banking customers, which was 9.2 million at year-end 2020, surpassed 10 million in 2021. In the same period, the number of our mobile banking customers reached over 10 million. The ratio of comparable transactions made through our non-branch channels to total transactions reached 96% in 2021.

We continue to support next-generation entrepreneurship

We act with an inclusive and holistic approach in the field of entrepreneurship, one of our areas of focus. When we consider that entrepreneurship positively affects economic growth, we believe that a story of growth can be written through entrepreneurship in Turkey. Our Bank, which has supported entrepreneurs since the first years of its establishment, maintains its effectiveness in the entrepreneur ecosystem with a broad perspective.



Solid value suggestions that we have made for next-generation entrepreneurship in the last 5 years also continued to increase in 2021. The 8th term of our Workup Entrepreneurship Program was completed successfully, and the 9th term was initiated with 12 startups. Thus, the number of startups accepted to the program reached 119 while the number of graduates in 8 terms was 81.

We launched WorkupAgri, a vertically oriented entrepreneurship program for the first time in 2021. With this program, we aim to increase the value proposition offered by our Bank to its customers and contribute to the country's agriculture in the field of digitalization with sustainable solutions.

With the ARYA Women's Investment Program, we continue to support female entrepreneurs to help them access investment and put technological business models into practice. In this context, we reached 270 female entrepreneurs.

Maxis Innovative Venture Capital Fund, in which our Bank invested by undertaking funds transfers up to TL 100 million, has invested in another 2 Workup graduates this year. The number of ventures the Fund invested in reached 5.

We opened our İstanbul Entrepreneurship Branch in November 2021, which will serve our focus as the bank of the future by bringing the impact and footprint created by our Bank in the entrepreneurship ecosystem to our main focus of activity. We offer a broad value proposition that includes non-financial products and services, as well as a team who is able to speak a common language with startups at our branch, meet their needs and expectations that distinguish them from other customers, and offer products and services that fit into their life stages.

We support green transformation in economy

We encourage green transformation in economy to take advantage of the opportunities while considering the risks and opportunities caused by climate crisis, not only in terms of our own operations, but also in terms of our customers with our transformative power.

We carry out important studies for transition to renewable energy resources that play a significant role in eliminating the negative impacts of climate change on people and the environment. In 2021, the share of renewable energy projects in our total energy generation projects portfolio was 71%. The total installed power size of the number of renewable energy projects financed reached to 10,886 MW. We mediate our customers' green transition with our loans such as "Green Mortgage", "Solar Loan by İşbank", "Energy Efficiency Loan", "Marine Conservation Loan".

We aim to encourage our customers to make more environmental-friendly choices with the "Geleceğe Orman (Forest for the Future)" project, which was launched in September 2021 and integrated into İşCep, our mobile banking app. Within the scope of this application which reached 100 thousand participants in a short period of six months, participants donated 1,250 saplings to the TEMA Foundation. I interpret this as a good indicator of behavioral change in our customers.

We finance transformation where agriculture meets technology

During the pandemic, we have witnessed how risky it may become to meet agricultural and food needs when disruptions occur in the supply chain. Agriculture is one of the most critical sectors of countries.

We believe that the agriculture sector, in which we have a competitive advantage thanks to our country's geographical and natural conditions, should be developed. Given its added value in terms of the economy, we place agricultural banking among our strategic priorities. Our activities in this field are based on financing the transition of producers by combining finance and technology efficiently.

Within this framework, we offer innovative products and services, such as ImeceMobil, to support this transition, and build it on structures that are specially designed with narratives where producers and consumers meet.

With our intensified efforts in recent years, the number of agricultural banking customers increased by 18% to 357 thousand in 2021, and the cash loans provided increased by 54% to approximately TL 10.5 billion. Moreover, the number of stations within the scope of the "Digital Agriculture Solution", which was 134 at the end of 2020, increased to 224 in 2021. We provided a total of TL 57 million in economic benefits with the early warning and irrigation, fertilization and spraying recommendations made to 13,200 farmers. The farmers, who benefited from the irrigation, fertilization and satellite-supported special services of the ImeceMobil application, saved 2,100 tons of water per 10 decares.

We are on our way to "Leadership in Payment Systems"

One of our strategic priorities is "Leadership in Payment Systems". Within this framework, in 2021, we implemented the organizational change bringing together all marketing functions of payment systems. In line with our strategy to create a payment system ecosystem, we launched the Pazarama brand. By increasing the number of credit card customers above the sector, we became the bank with the biggest share gain among our competitors. We held the top position among private banks in commercial credit card shopping turnover market share by continuing the pace we achieved in 2021 through the end of the year.

Our employees are an integral part of our vision for the bank of the future

Our employees constitute an integral part of our vision for the bank of the future. We continue to invest in cutting-edge learning technologies in order to provide our employees with the competencies of the future.

In 2021, we launched the Data Analytics Development Program, which is available to all our employees and aims to promote the competencies in data analytics and artificial intelligence. A total of 8,350 employees participated in this program, designed to support talent transformation in

analytical and digital roles, and they received over 70,000 hours of training. Our "New Digital Learning Infrastructure" project is also ongoing. With the new infrastructure, personalized trainings will be presented based on an artificial intelligence-based suggestion system, and our employees will have easier access to the contents.

Esteemed stakeholders,

The effects of the coronavirus outbreak and climate change on health, social life, the environment, and the economy reminded us once again of the fragile balance our civilization was built on, and how important it is to work together to make it more resilient. The need for all institutions and organizations to take responsibility to build a sustainable future became clearer as we should take lessons from our experience in this process.

İşbank, an institution synonymous with a sense of trust, which will celebrate its 100th year in 2024, will continue to support the country's economy and stakeholders as it always has. We shall fulfill our responsibility for our country, our society, and a more livable world today, as we did yesterday.

I would like to take this opportunity to thank all of our business partners and stakeholders for their invaluable support and trust, as well as all of the İşbank employees who always work with great dedication and integrity.

Yours sincerely,

Hakan Aran
Chief Executive Officer



Looking into the Future

Operating Environment: General Evaluations

Global Economy

In the second year of the pandemic, the world economy recovered rapidly, thanks to a lower impact from the pandemic and the ongoing support of the economic measures taken. According to IMF data, the global economy, which contracted by 3.1% in 2020, is predicted to have completed 2021 with a growth of 5.9% and expected to continue growing in 2022, though at a slower pace. On the other hand, supply shortages, which became a serious problem as a result of this rapid recovery while the pandemic conditions persist, as well as rapidly increasing food and energy prices due to the problems caused by climate change, have exacerbated inflationary pressures on a global scale. The annual rate of increase in producer prices has reached double-digit levels in many countries, and annual consumer price inflation has reached the highest levels since the 90s in leading economies such as the USA and Germany.

The inflationary world outlook strengthened the expectations that the leading central banks could begin earlier to the normalization process in their monetary policies. In fact, during its November meeting, the US Federal Reserve (FED) opted to reduce its asset purchase program by USD 15 billion on a monthly basis, and increased the amount of cuts to USD 30 billion in December. In this environment, developing countries have adopted a more cautious stance in their monetary policies. The novel coronavirus variant omicron, which emerged in the last weeks of November and raised concerns, also has a negative impact on global economic activity expectations, causing fluctuations in global risk perception. In 2022, along with the pandemic, the course of supply-side constraints, inflation trends, and central bank policies in developed countries will be the main factors that shape the economic outlook.

Turkish Economy

In 2021, the Turkish economy grew by 11% annually with the substantial contribution of consumption expenditures and exports. In the first half of the year, investment expenditures also contributed significantly to growth. The amount of monthly exports, which surpassed USD 20 billion for the first time in September, were above this level in the final quarter of the year. Turkey's total export volume, which was USD 169.6 billion in 2020, reached USD 225.3 billion in 2021.

The budget displayed a positive outlook throughout 2021. The significant increase in tax revenues supported by the recovery in economic activity was behind this development. The budget deficit of TL 192.2 billion in 2021 was lower than the TL 230 billion forecast in the Medium Term Program announced in early September. However, the rapid monthly rise in budget deficit drew attention in December, when financial market volatility increased significantly. The external balance outlook improved in 2021 when compared to 2020. The current account balance had deteriorated due to the negative effects of the pandemic in 2020 and the current account deficit to GDP ratio was realized as 5%, the highest level since 2013. With a decrease in the foreign trade deficit and the recovery in tourism revenues in 2021, the current account deficit tended to decline. In 2021, the current account deficit decreased by USD 20.7 billion as compared to the previous year, and became USD 14.9 billion.

In spite of the strong growth and the positive picture drawn by the export performance, the fact that both global and domestic conditions for the Turkish economy have become more challenging in terms of price stability in 2021 brought along a deterioration in risk perception, particularly in the last months of the year. Expectations that the FED would raise interest rates sooner than expected, rising global commodity prices, strong domestic demand and increased volatility in financial markets, particularly the depreciation of the Turkish Lira, caused inflationary pressures to increase throughout the year. The Central Bank of the Republic of Turkey (CBRT), on the other hand, reduced the policy rate by a total of 500 basis points to 14% at its meetings in September, October, November and December.

Under such conditions, annual CPI inflation reached 36.08% in December 2021. In this period, annual D-PPI inflation was realized as 79.89%.

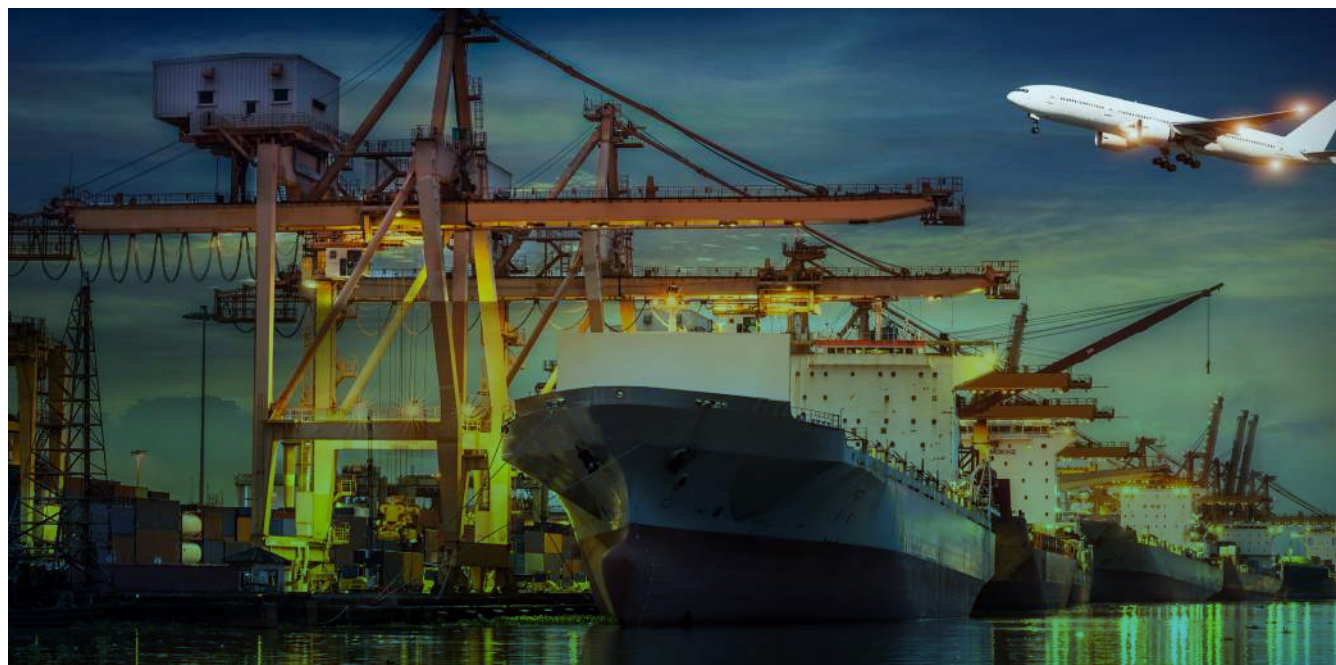
The Turkish economy, which recorded rapid growth in 2021 as a result of the low base caused by the pandemic, is expected to normalize in 2022, while rising inflation is expected to remain a significant factor.

Banking Sector*

In the second year of the pandemic, the banking sector contributed significantly to the recovery in economic activity. The volume of Turkish Lira loans, including loans to the financial sector, increased by 20.7% in 2021, reaching TL 2,675 billion by the end of 2021. In the same period, the volume of FX loans fell to USD 149.4 billion with a decrease of 7.1%. Accordingly, the total loan volume expanded at a rate of 36.5% in 2021 and reached TL 4,648 billion. According to the FX rate adjusted figures, the total loan volume expanded by 11.0% in this period.

In 2021, according to the Monthly Bulletin data published by the Banking Regulation and Supervision Agency, the volume of TL deposits including bank deposits reached TL 1,819 billion, increasing annually by 20.0%. The volume of FX deposits in USD terms decreased by 0.7% in this period and was realized as USD 238.2 billion. As a result, total deposit volume increased by 51.0% compared to 2020 and reached TL 4,964 billion in 2021. According to FX rate adjusted figures, the annual increase in total deposit volume was 8.8%.

* Calculated using monthly sector data published by the Banking Regulation and Supervision Agency, with participation banks excluded from sector figures.





Risk Forecasts for 2022 and Beyond

The course of the pandemic, geopolitical developments, and the monetary policies pursued by developed countries are projected to be the primary factors to influence global growth in 2022. In this direction, in the face of rising global inflation, central banks in developed countries are expected to tend to tighten their monetary policies, and new and effective variants of the COVID-19 pandemic continue to pose risks to global economic activity. The risks associated with maintaining capital adequacy against rising domestic inflation and exchange rate volatility, as well as managing asset-liability composition in terms of maturity, foreign currency type, and profitability dimensions, are projected to come to the forefront. These evaluations are included in the footnotes of the financial statements.

In addition to the additional measures taken by public authorities to combat the negative impacts of the COVID-19 pandemic on the economy and financial stability, new regulations that have recently become effective have a growing impact on behavior and compliance risks throughout the banking sector. With the impacts of the increasing variety and number of transactions with ongoing digitalization, widespread remote working models, and customers' orientation to interactive channels during the pandemic period, it is observed that the risks of information technologies, cyber security and data protection are on the rise on a global scale. In addition, the risks that may arise from organizational changes caused by remote and hybrid working models, which have become widespread throughout the sector, should be closely monitored.

Natural disasters pose a significant risk in terms of their impacts on human life and the amount of physical damage they can cause on monetary assets. Furthermore, climate change has become one of the major global risks threatening human life as well as financial stability due to its negative impact on the economy, markets, and ecosystems, the natural disasters that it may cause, water and food crises, and migration waves. Measures to be taken within the scope of combating climate change are expected to rise both globally and in our country.

İşbank

Fundamental factors such as the sector's balance sheet entering a cautious and balanced growth period as well as the narrowing of the net interest margin compared to 2020 shaped the operating environment for 2021. In order to achieve sustainable profitable growth, İşbank continued to manage its balance sheet in 2021 with a risk-oriented and dynamic approach, while maintaining its balance sheet composition shaped by its proactive approach taking into account market developments.

AIşbank continued to support the real sector and households with all its means in 2021, a year in which the conditions evolved differently compared to expectations.



*Market share calculations are based on BRSA weekly data; participation banks are excluded. Market share of total assets is calculated in accordance with BRSA monthly data. Ranking among private banks.





Global Tendencies, Risks, Opportunities and Forecasts

We left behind 2021, when the impact of the COVID-19 pandemic continued, extreme natural events and disasters caused by climate change were in the news every day, global economic fluctuations occurred, and the most economically fragile/vulnerable segments of society felt the effects of this process deeply.

All these developments have led businesses to revise their working approaches, strategies and values. It became evident that all institutions should redefine their risks and opportunities for ensuring sustainable development.

İşbank, which has a deep-rooted corporate structure, has witnessed many critical periods throughout its history and gone through these periods successfully thanks to its risk management approach and visionary management. İşbank closely monitors all global developments that have a potential to affect its activities. Managing its financial and non-financial risks with a holistic perspective, the Bank evaluates its risks and opportunities through a variety of formal and informal processes.

In this section, İşbank's stance towards the 7 most important global trends affecting the banking sector is discussed.

1- Green Transformation: It is expected that 2022 will be a year in which more serious environmental measures will be taken, and expectations from banking sector will increase throughout the World.

With the transformation in the financial sector, it is an increasingly common practice for investors to evaluate banks not only on their financial performance, but also on the carbon impact of their balance sheets. National and international regulatory agencies direct banks to identify and report the environmental, social and economic impacts of their customers. It is encouraged to shift loans from polluting sectors to companies and sectors that support the transition economy and provide social benefits.

Many banks, including İşbank, make net zero carbon emission commitments regarding the emissions caused by their own operations. However, the most important step that banks can take to stop the impacts of climate change is to provide the resources needed to finance the transformation.

Considering the comprehensive ESG (Environmental Social Governance) performance indicators in lending activities, compliance with the new regulations created for the transition to a green economy, purification of loan portfolios from polluting sectors, creation of human resources can manage these processes, and new reporting obligations are all important risks that banks will face in the green transformation process.

However, the green transformation also offers important opportunities for the global economy and banks. The amount of investment required to reach the net zero target globally in the next 30 years is estimated to be USD¹ 150 trillion. In order to finance the transformation, a number of institutions and organizations collaborate to develop innovative methods and technologies. The number of new employment opportunities and creative business lines in this field are growing on a daily basis.

İşbank supports green transition in line with its sustainability approach. In line with its long-standing responsible portfolio management approach, the Bank monitors ESG indicators in its lending activities, diversifies the financing resources it has generated in this area as a result of its cooperation with international organizations, and takes into account climate risks in its business processes and credit evaluations.

For more information on İşbank's detailed performance and goals on green transformation, please visit the "**We Take Responsibility for Climate Action**" section.

2- Innovation: Changing customer expectations and needs make a radical transformation inevitable in the banking sector. Digitalization, which has become a necessity in the sector, does not generate revenue growth and differentiation on its own. For this reason, banks identify the areas where innovation is most needed in their operations and products and seek out partnerships in those areas. Supporting common platforms, strengthening cooperation with fintechs, and reaching out to groups that have not been served before are prominent trends in the field of innovation.

Factors such as not establishing the correct cost-return balance, being late in catching up with the developments, and the institutional culture that does not support innovation constitute the risks in innovation.

İşbank is a crucial actor in next-generation banking activities with its vision of being "the Bank of the Future". Innovation is among the main business strategies for İşbank, which launched many pioneering applications in the field of innovation, such as ATMs named "Bankamatik", the first internet branch, etc.

While increasing its corporate innovation capacity with its agile transformation projects, İşbank closely monitors global developments with the centers it has established in different parts of the world. The Bank also implements many projects to support entrepreneurship.

For more information on İşbank's detailed performance and goals on innovation, please visit the "**We Take Responsibility for Next-Generation Banking**" section.

3- Customer-Oriented Banking: A study² by Accenture³ conducted in 2021 reveals that customers' trust levels in their banks to secure their long-term financial well-being fell from 43% to 29% between 2018 and 2020. Although there are numerous causes for this issue, the decrease in the frequency of one-to-one meetings with customers due to increased digitalization also plays an important role.

Digitalization allows for fast, reliable, user-friendly services that are accessible 24/7. However, as a result of increased digitalization, customers' communication with their banks decreases, and they cannot access appropriate guidance and advices on financial services. This development negatively affects customers' financial well-being, reduces the differentiation between banks and customer loyalty.

İşbank evaluates the opportunities that digitalization provides regarding accessing financial services along with the risks it creates. The Bank develops practices to maintain its trust-based and warm relationships with its customers through its customer-oriented banking approach. İşbank's digitalization approach bases on the motto "technology next to people, not instead of people." İşbank employees, who are specialized in their fields, also offer the guidance and advice that their customers need through digital solutions.

In order to learn about İşbank's practices on customer-oriented banking, please visit the "**We Take Responsibility for Inclusive and Solid Economy**" section.

4- Risk Management and Compliance: Every day, banks are confronted with a more complex, interconnected, and dynamic risk environment. Cloud technologies, artificial intelligence, climate change, blockchain technology advancements, cyber security, and digital assets all require a new risk approach. Difficulties in obtaining the data needed for risk measurement, as well as situations such as a lack of qualified human resources may cause consequences such as non-compliance with the legislation and inability to manage risks efficiently in banks.

Many developments, such as the EU Green Deal and the process of adapting to the outcomes of the Paris Climate Agreement, pose significant compliance risks for both banks and their customers. Bank risk matrices need to evaluate these new risks as comprehensively as mature risks and cooperate with customers in this regard.

İşbank has a deep-rooted corporate risk management and compliance culture. The Bank manages financial and non-financial risks together and ensures the compliance with laws, regulations and voluntary standards.

For more information on İşbank's performance on risk management and compliance, please visit "**We Take Responsibility for a Transparent Management**" section.

¹Fighting climate change is a \$150 trillion battle: Bank of America report Banking Consumer Study: Making digital more human

²Accenture Banking Top 10 Trends for 2022

³Accenture PLC is a global management consulting and professional services company offering strategy, consulting, digital, technology and operations services.



5- "0" Operation: The fact that artificial intelligence and machine learning have begun to outperform human capabilities in some specific and restricted tasks causes a paradigm shift in the banking sector. In terms of operational activities, these technologies are expected to be applied to a broader area in 2022 and beyond.

Banks can now continue their operations with less waste, cost, delay, and error thanks to this process, which is defined as "0" operation. This restructuring, also known as resilient by design, contributes significantly to operational sustainability. Banks define new workflows with these developments, which will result in changes in organizational structure. In these processes, which are carried out in parallel with digitalization, the problems that may occur in cyber security and information technology infrastructure constitute the most important risk.

İşbank, in all its operations, adopts targets based on efficiency. Paperless office practices have an important place in the digitalization journey. The Bank integrates artificial intelligence and machine learning into its operations. The resources allocated for information security are being increased every year.



For more information on İşbank's performance on "0" operation, please visit the **"We Take Responsibility for Next-Generation Banking"** section.

6- Access to Talent: The changing expectations of the new generation employees and the trends of remote working, which have become widespread with the COVID-19 pandemic, have redefined the working life in all sectors. According to the studies, young employees prefer work environments that are goal-oriented, provide social and environmental benefits, and allow employees to express themselves and make a difference.

The banking and finance sector, which historically has attracted young talents, struggle to maintain its competitive advantage in this field. Many industries are seeking out experts in fields such as cyber security and machine learning. Furthermore, the "great resignation" wave, which had a particularly strong effect in the USA in 2021, impacted the banking and finance sector, as employees from all levels quit their jobs. In this sector, where qualified employees create a competitive advantage, the inability of banks to access and protect talent poses a significant risk.

İşbank has had a different corporate culture since its establishment. The Bank has been positioned as a highly preferred employer thanks to its internal promotion system, long-term employment policy, deep-rooted banking culture, and ethical understanding. İşbank's competent and highly company-dedicated human resources play a significant role in the Bank's corporate success. The Bank provides a variety of development programs to prepare its employees for the competencies of the future, develops agile working systems to meet changing employee expectations, and continues its communication efforts with universities by increasing.



For more information on İşbank's detailed performance and goals on access to talents, please visit the **"We Take Responsibility for Our Employees"** section.

7- Purpose Driven Brands: Developments such as changing consumer and employee expectations, as well as fintechs' competition with established banks due to the fact that it is getting easier to operate in the banking and finance sectors thanks to digitalization, increase the demand for purpose-driven institutions.



For more information on İşbank's detailed performance and goals on purpose-driven brands, please visit the **"We Take Responsibility for Future Generations"** section.

Stakeholders today assess businesses not only on the services they provide, but also on the global problems they are trying to solve, the values they advocate, and their missions. This change carries both risks and opportunities for banks that interact with many different stakeholder groups.

İşbank is an institution of the Republic of Turkey with its main mission being to support the country's growth since 1924, and delivers social benefits through its social responsibility projects, as well as the financing it provides for the economy. In today's marketing and service approach, where value communication is at the forefront, İşbank's clear vision and purpose gives it a significant competitive advantage.

How Do We Create Value?

Following the War of Independence, the Republic of Turkey experienced economic and social hardships. In this period, the need for a national institution that could finance the branches of economic activity, contribute to the start of the industrialization movement, and establish a national banking system was felt deeply.

Carrying out banking transactions, initiating industrial development, mobilizing national savings, financing basic economic breakthroughs and meeting credit needs were all crucial activities for a newly established country. Adapting to the rapid changes in the world following World War I, accomodatingto new technologies and criteria, and training the workforce to keep up with these changes were among the challenges İşbank experienced.

Since the day it was established, İşbank has continuously grown stronger without deviating from its goals and has become a trustworthy brand of ethical and deep-rooted banking on a national and international scale.

Today, İşbank continues its activities by adhering to modern banking principles, providing financing for solutions to Turkey's and the world's problems, and supporting an economy that will generate shareable and long-term value for all. The Bank has taken responsibility for inclusive and sustainable economic growth since its establishment. This responsibility approach is embodied in the business model that we call İşbank Banking, which focuses on **"creating shareable and sustainable value"**.

Our Business Model: İşbank Banking

İşbank Banking is a business model that combines financial and non-financial capital elements with the goal of "producing shareable and sustainable value". With this model, the Bank aims to create value for all its stakeholders both in the short and long term. The value creation model, called "İşbank Banking", which allows integration of the Bank's sustainability priorities into all decision-making processes, reveals the Bank's understanding of sustainability and the integration of sustainability into business processes.

İşbank has positioned sustainability, which is the basis of its business model, as one of the main focal points of its corporate strategy and carries out all its activities in this direction with the participation of all its employees under the ownership of senior management.

Looking out for social benefit, as well as the needs and expectations of all its stakeholders, İşbank relates the outputs from its value creation process with the United Nations Sustainable Development Goals that it has contributed to, and demonstrates its support of global goals with the approach of shareable and sustainable value creation.



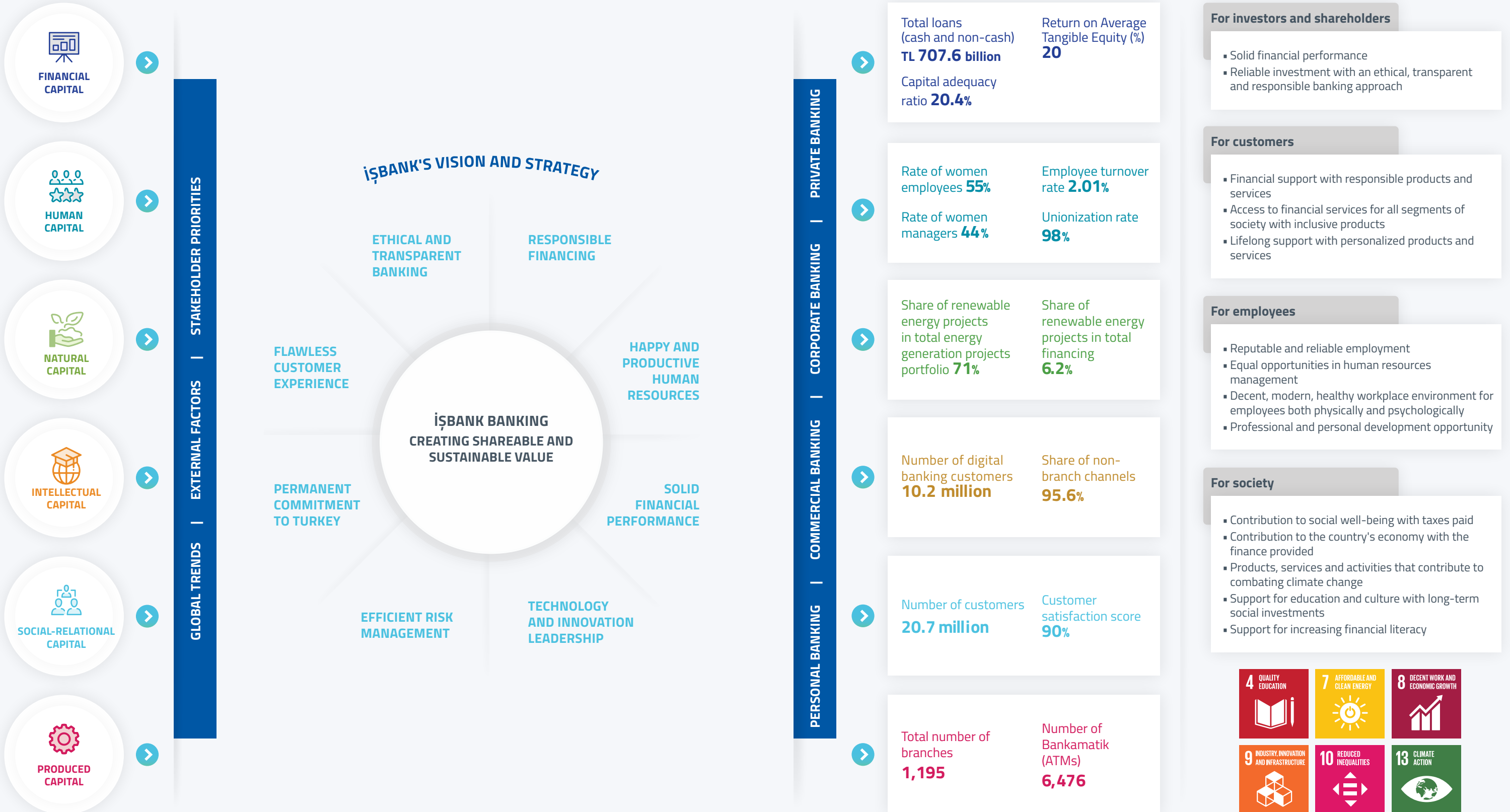
Our Business Model: İşbank Banking

CAPITAL

FIELDS OF ACTIVITY

OUTCOMES

VALUE CREATED





İŞBANK'S SUSTAINABILITY JOURNEY

2021

The first sustainability-linked syndicated loan agreement was signed.
Sustainable Finance Framework was established.
Renewable energy has started to be consumed in all of the Bank's operational areas where renewable energy is able to be supplied for electricity consumption.
Environmental and Social Impact Evaluation Model "ÇESMOD" was developed.
Gender Equality Policy came into effect.
Climate Change Risk Policy was formed.
CDP Water Safety Report was initiated.

2019

The first 100% Green Eurobond transaction was issued by Turkish banks.
The first Integrated Report was published.
An Environmental Management System (ISO 14001) was formed with international standards.
CDP Climate Change Report was initiated.

2018

Tuzla Data Center was certificated with LEED v4 Gold for Data Centers.
The first Green Project Financing Loan was provided.

2017

The Declaration on Sustainable Finance was signed by Global Compact Turkey.
Tuzla Technology and Operation Center was awarded the LEED Gold green building certificate.

2014

The Sustainability Policy, which includes Environmental and Social Impacts, Human Rights and Human Resources, Anti-Bribery and Anti-Corruption, Gifts and Hospitality Policies, was approved by the Board of Directors and put into action.

2012

The first Sustainability Report was published.
The UN Global Compact (UNGC) was signed.
The "Environmental and Social Risk Evaluation Tool (ERET)" was developed to determine environmental and social risks in loan processes.

2020

A Sustainability Committee was established, which operates under the Board of Directors.
Sustainable Bonds Framework was formed.
In line with "Science-Based Goals" (SBT), the goal of being carbon neutral was set.
International ESG risk rating was obtained from Sustainalytics.
The UN Women's Empowerment Principles (WEPS) were signed.
United Nations Environment Program Finance Initiative (UNEP FI) Responsible Banking Principles were signed.

2016

İşbank was included in FTSE4Good Emerging Markets Indices.

2015

Sustainable Management System was established.
İşbank was included in the BIST Sustainable Index.
İşbank Head Office building was awarded BREEAM In-Use Excellent certificate.

Sustainability Priorities

İşbank closely keeps track of sectoral and global trends in the fields of sustainability, regularly measures stakeholder expectations in this area, and also conducts risk and opportunity analyzes, as well as business processes.

In 2021, the Bank updated its sustainability priorities in accordance with the AA1000 Stakeholder Engagement Standard in such a way that it reflected the opinions of İşbank employees and external stakeholder expectations with a large sample size.

The 24 topics included in the Bank's materiality matrix were grouped under the headers of "Reliable Financial Actor", "Responsible Operations" and "Good Corporate Citizen".



1,326

Number of stakeholders participated in the prioritization study

Prioritization Process

1. Creation of a prioritized issue universe:

A broad issue universe was formed by considering corporate strategies, changing legislation and standards, sectoral practices, corporate engagements, global trends, and stakeholder expectations. The issue universe was reviewed under consideration of the Bank's current practices and priorities. Then, 25 sustainability priorities that affect İşbank's fields of activity were determined.

2. Determining the priority values of the issues:

2.1. Evaluation of stakeholder expectations: The expectations of key stakeholders in the field of sustainability from İşbank were determined as a result of comprehensive online surveys, evaluation of the results of expectation and satisfaction surveys organized for various stakeholder groups, and media research.

2.2. Influence on business strategies: The significance level of the influence of the topics included in the long list of topics on the Bank's business strategies was evaluated through comprehensive employee and manager surveys, corporate strategy and engagement requirements, and global trends.

3. Determining material issues:

The 10 issues with the highest potential to affect İşbank's activities and stakeholder expectations were determined.

4. Review of the issues:

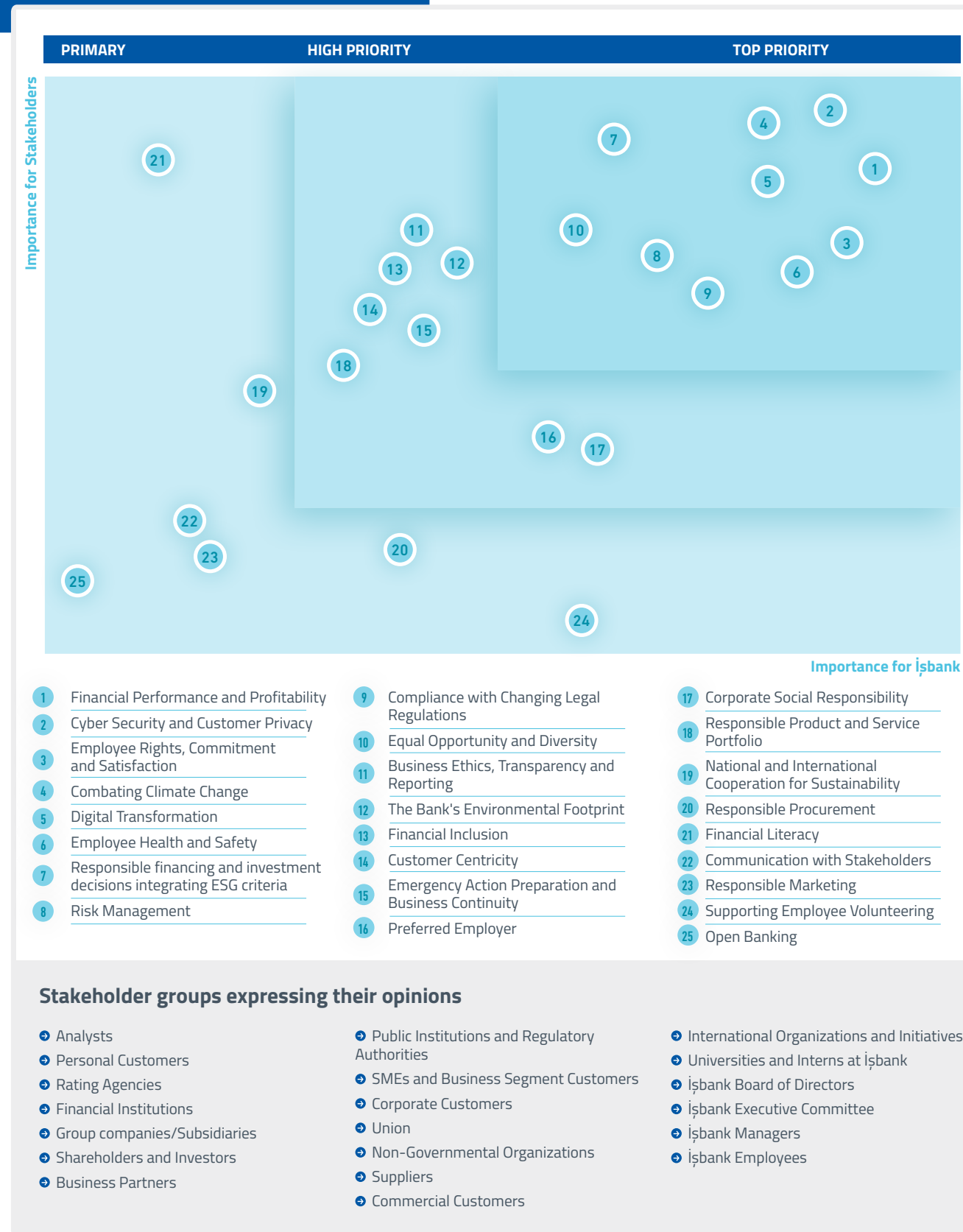
- The identified prioritized issues were reviewed by the Investor Relations and Sustainability Division and senior management.
- Key Performance Indicators were reviewed in order to report the performance in the identified focus areas.
- The İşbank value creation model was assessed in terms of new focus areas. Reporting and business plans were created by reassessing the expectations of relevant stakeholder groups in focus areas, and target updates were made in necessary cases.

5. Evaluation of global trends:

Within the scope of the prioritization work carried out, the risks and opportunities created for the Bank by the sustainability developments affecting the entire world were evaluated. Of the trends with a high potential to affect the global economy, 16 trends declared by the World Economic Forum, which may have an impact on the Bank's activities, were also evaluated in the scope of the surveys and researches carried out. Current practices were reviewed in terms of the trends with high risk and opportunity potential.



MATERIAL ISSUES MATRIX



PRIMARY ESG ISSUES ACCORDING to STAKEHOLDER GROUPS

	Board of Directors	Executive Committee	Managers	Employees	Business Partners	Suppliers	Subsidiaries	Shareholders	Initiatives Supported	Financial Institutions	University Students	Analysts	Public Institutions	Customers	NGOs
Emergency action preparation and business continuity															
The Bank's environmental footprint															
Supporting employee volunteering															
Employee rights, commitment and satisfaction															
Employee health and safety															
Responsible financing and investment decisions integrating ESG criteria															
Compliance with changing regulations															
Digital transformation															
Financial inclusion															
Financial literacy															
Financial performance and profitability															
Equal opportunity and diversity															
Combating climate change															
Business ethics, transparency and reporting															
Corporate social responsibility															
Customer centricity															
Risk management															
Cyber security and customer privacy															
Responsible marketing															
National and international cooperation for sustainability															
Preferred employer															



MATERIAL ISSUES and REPORTING STANDARDS

Issue	Reporting Framework GRI	SASB	TCFD	SDG	UN WEPs	Impact on Business Strategy	Stakeholder Expectations
Emergency action preparation and business continuity		●					
Open banking		●					
The Bank's environmental footprint	302-1, 302-2, 302-3, 302-4, 302-5, 303-3, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2, 306-3, 306-5		●				
Supporting employee volunteering							
Employee rights, commitment and satisfaction	202-1, 401-1, 401-2, 401-3, 402-1				●		
Employee health and safety	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10, 407-1				●		
Responsible financing and investment decisions integrating ESG criteria	304-2, 412-3, 413-2	●	●				
Compliance with changing regulations	206-1, 307-1, 419-1	●	●				
Digital transformation		●					
Equal opportunity and diversity	201-3, 405-1, 405-2, 406-1				●		
Financial inclusion		●			●		
Financial literacy		●			●		

Düşük Orta Yüksek

Issue	Reporting Framework GRI	SASB	TCFD	SDG	UN WEPs	Impact on Business Strategy	Stakeholder Expectations
Financial performance and profitability	201-1, 201-4	●					
Combating climate change			●				
Business ethics, transparency and reporting	205-1, 205-2, 205-3, 408-1, 409-1, 410-1, 412-2, 415-1	●	●				
Corporate social responsibility	203-1, 203-2, 413-1				●		
Customer centricity	417-1, 417-2, 417-3	●					
Communication with Stakeholders							
Risk management	201-2	●	●				
Cyber security and customer privacy	418-1	●					
Responsible marketing		●			●		
Responsible procurement	204-1, 308-1, 308-2, 414-1, 414-2						
Responsible product and service portfolio		●	●		●		
National and international cooperation for sustainability			●		●		
Preferred employer	404-1, 404-2, 404-3				●		



Sustainability Management

The Board of Directors of the Bank is the highest management authority in İşbank's sustainability management. The "Sustainability Committee" is the management body responsible for the Bank's sustainability activities. It is managed by the Chairperson of the Board of Directors, consists of two members of the Board of Directors and the Executive Committee, where all business units are represented, and enables a holistic follow-up of sustainability issues. The Deputy Chief Executive responsible for the Investor Relations and Sustainability function assumed the role of Sustainability Leader.



The "Sustainability Committee", which enables tracking of sustainability issues in an integrated manner, is the management body responsible for the Bank's sustainability activities.

The Investor Relations and Sustainability Division is responsible for monitoring developments in the field of sustainability, analyzing global trends and ensuring the coordination of these issues within the Bank.

The risks related to climate change have been classified in the Bank's Risk Catalogue under strategic risks with the approval of the Board of Directors. The risk of climate change is also monitored by the Risk Committee, the Audit Committee, and the Sustainability Committee due to its importance. Financial and non-financial risks are reported monthly to the Risk Committee and the Board of Directors through the Audit Committee.

İşbank reviews its activities, approaches and strategy in line with developing methodologies and global dynamics on a regular basis. The Bank has structured its perspective on sustainability and its activities in the fields of environment, social and governance under the "Sustainability Management System" it established in 2015, and has been developing this structure both in an organizational sense and with innovations in the end-to-end business model.

İşbank's Sustainability Policy and other complementary policies form the basis for the functioning of the Sustainability Management System.

You can find the policies that set forth İşbank's sustainability approach [here](#).

STAKEHOLDER EXPECTATIONS and İŞBANK'S RESPONSE

Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Continuous	Branches, Bankamatik ATMs, Internet Branch, Telephone Branch and mobile banking channels, customer relations representatives, meetings, customer satisfaction surveys, social media	Customers	
		Less waiting time and fast service	The current queue management application has been renewed so customers can follow the estimated waiting times in the branch where they will make transactions. In addition, since 2021, customers are able to receive a queue number through İşCep without going to the branch for their transactions. In order to provide customers with faster service through İşCep, they are now able to make money transfers with other details apart from IBAN. With the "transfer money with FAST system" feature, it is now possible to transfer money quickly.
		Easy access	Customer experience is continuously monitored in all channels and customer expectations are considered. In 2021, customers were able to communicate with a customer representative to receive service through the İşCep App.
			Easy access to services is ensured with an extensive network of branches and Bankamatik ATMs. Branch representatives also provide services through a remote working model. With the İşCep "I Want to Become a Customer (MOI)" feature, those who want to become İşbank customers can now do so via video calls without going to a branch.
			İşbank maintains its position as the private bank with the most extensive Bankamatik ATM network. Bankamatik ATM devices are positioned to serve the highest number of customers.
		Providing useful information and guidance	İşbank has initiated many practices within the scope of financial literacy. See Financial Literacy İşbank develops systems in order to deliver accurate information to its customers in all platforms. See Informing Customers Within the framework of the strategic cooperation with İş Portföy Yönetimi A.Ş. and İş Yatırım Menkul Değerler A.Ş., online Privia Economy Talks were held in the first 2 quarters of the year in order to inform private banking customers about current economic developments and expectations, as well as investment alternatives that may arise in volatile markets.
		Increasing functionality of digital contact points	İşCep is the banking app in Turkey with the largest variety of transactions. İşCep's variety of transactions has been increased and it now covers nearly all of the services provided at a branch or via the Call Center. As of 2021, temporary address changes can be made on card deliveries through İşCep, instant password (İşCep) can be received via video calls, and the receipt is displayed in a more practical way at the end of the transaction. For the changes made on İşCep in 2021 See Projects to Improve Customer Experience



STAKEHOLDER EXPECTATIONS and İŞBANK'S RESPONSE

Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Customers			
Continuous	Branches, Bankamatik ATMs, Internet Branch, Telephone Branch and mobile banking channels, customer relations representatives, meetings, customer satisfaction surveys, social media	To receive personalized services	İşbank's customers can personalize services such as İşÇep and Robofon based on their preferences. Staff at İşbank's branches receive regular training to ensure that customers are offered products and services aligned with their financial needs.
		To be able to examine and monitor their financial status in-depth	İşbank's branches provide their customers with detailed information about their financial status. Customers can also obtain information via İşÇep and the Call Center. İşÇep introduces personal finance management features to allow customers to examine their financial status in-depth and monitor it conveniently.

Shareholders and Investors			
Continuous	General Assembly and investor meetings, investor presentations, analyst and investor days, promotional meetings, teleconferences, daily communications from the Investor Relations and Sustainability Division, İşbank Investor Relations web page, Public Disclosure Platform (KAP), the Information Society Services Platform established as per the Turkish Commercial Code, Integrated Report, CDP Reports	To directly and quickly get accurate and up-to-date information about İşbank and exercise their shareholder rights	<p>The Investor Relations and Sustainability Division answers all information requests from shareholders as soon as possible via multiple communication platforms, including especially the KAP platform and the corporate website, actively providing information as necessary.</p> <p>The Ordinary General Assembly meeting was held on 31 March 2021.</p>
		More detailed information about the bank's ESG performance	The Investor Relations and Sustainability Team met with investors via conferences, roadshows and teleconferences to convey the Bank's attitude towards rapidly changing market dynamics. The Bank also provides regular updates on its ESG performance via the sustainability page of the corporate website.
		To improve the Bank's risk culture by employing comprehensive and innovative approaches in the risk management domain	İşbank published its first-ever Integrated Annual Report in 2021.
			The Bank achieved a score of "B" in the Climate Change Program reporting and a score of "C" in the Water Security reporting under the Carbon Disclosure Project.
			Impact analyses were conducted in accordance with the Principles of Responsible Banking of the United Nations Environment Program Finance Initiative (UNEP FI).
			The Climate Change Risk Policy addressing the climate change risks that the Bank could be exposed to in connection with its operations was approved by the Board of Directors.

Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Analysts			
On a yearly and quarterly basis	Analyst days, investor meetings, investor presentations, teleconferences, communications of the Investor Relations and Sustainability Division, Integrated Report, Reputation Research	More transparent reporting on non-financial performance	İşbank Integrated Annual Report, integrating the Bank's financial performance with the ESG (Environmental-Social-Governance) performance, was published.
			Reporting was done for the Climate Change and Water Security Programs of the Carbon Disclosure Project (CDP).
			Subjects related to climate risks are based on the UNEP FI Scenarios.
			The Bank was included in the rating program of Sustainalytics and achieved an ESG risk score of 18.6, i.e. "low risk".

Employees			
Continuous	Working Life Evaluation Survey, training programs, performance evaluation, internal communication platforms, regular executive meetings, practices aimed at improving risk culture	Achieving a balance between flexibility and commitment in the hybrid work model	İşbank established a functional and safe remote working system for its employees. Employees have access to numerous trainings and social content on digital platforms.
		Offering training programs to develop digital competencies	The Bank organizes a number of training programs to improve the digital competencies of its employees. See Talent Management In 2021, the digital training program "Risk Culture at Our Bank" was offered.
		A more dynamic work environment with project-based studies	Studies on the Agile Working Model, which the Bank defined as the "organizational equivalent of digitalization", were expanded and Agile Transformation Training programs were held. See Agile Workshop
		Being a leading organization in promoting gender equality	The Gender Equality Policy came into effect. The subjects of unconscious bias and gender equality were included in career training programs. The duration of paternity leave was extended beyond the length of time defined in the regulations.



STAKEHOLDER EXPECTATIONS and İŞBANK'S RESPONSE

Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Subsidiaries			
Continuous	Joint projects, Reputation Research	Partnerships in digital transformation	We achieved integration between the products and services of our subsidiaries through numerous digital applications developed in 2021. Data security checks also cover our subsidiaries.
		Joint projects and information exchange	Regular meetings are held and results of research projects are evaluated as part of joint projects led in cooperation with Anadolu Hayat Emeklilik A.Ş., Erişim A.Ş. and ATOS A.Ş., an external research firm. Within the framework of the strategic cooperation with İş Portföy Yönetimi A.Ş. (İş Asset Management) and İş Yatırım Menkul Değerler A.Ş., online Privia Economy Talks were held in the first 2 quarters of the year in order to inform private banking customers about current economic developments and expectations, as well as investment alternatives that may arise in volatile markets.
Public Institutions and Regulatory Agencies			
At least four times a year	Reporting processes, consultation meetings	Full legal compliance	İşbank works in close collaboration with public institutions and organizations such as İşbank, SPK and Borsa İstanbul regarding non-financial matters which need to be incorporated in the legislation.
		Exchange of opinions on new regulations	We support and provide our opinions on the efforts of the Banks Association of Turkey (BAT).
Non-Governmental Organizations and Sector Unions			
Very frequently	Information and press meetings, private meetings, replying to written queries, online training, mentorship activities and other joint projects	Joint projects and information exchange	İşbank's Economic Research Division monitors and reports on developments in both the national and global economy. The web page ekonomi.isbank.com.tr offers a free-of-charge subscription service and had 15,500 subscribers at the end of 2021.
			İşbank led inclusive financing projects by partnering with many non-governmental organizations, such as Türk Eximbank, TİM, EBRD, Arya and TÜRKNFED, during the reporting period.
Financial Institutions and Rating Agencies			
At least once a year	Evaluation and information meetings, Corporate Reports, replying to written queries	Transparent reporting on financial and non-financial performance	İşbank published its first-ever Integrated Annual Report.
			İşbank reported to the Water Security Program of the Carbon Disclosure Project (CDP) for the first time in 2021. The Bank has been included in the Sustainalytics ESG risk ratings. It received an ESG score from Refinitiv as part of the BIST Sustainable Index. The Bank was included in the FTSE4Good Emerging Markets Index and the BIST Sustainability Index in 2021 as well.

Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
International Organizations and Initiatives			
Very frequently	Conferences, seminars, congresses, workshops, replying to written queries	Increasing sustainability partnerships with stakeholders	The Bank conducted impact analyses in accordance with the Principles of Responsible Banking of the United Nations Environment Program Finance Initiative (UNEP FI) as a signatory.
			Reporting was done as per the UN WEPs Declaration.
			Reporting was done as per the Climate Change and Water Security Programs of the Carbon Disclosure Project (CDP).
			The Bank supports the Science-Based Targets Initiative (SBTi).
			The Bank participated in the Global Compact Turkey Sustainable Banking and Finance Working Group, and contributed to the studies on updating the Global Compact Turkey's Declaration on Sustainable Finance.
Media			
Continuous	Information communication, release of press bulletins, press meetings, private meetings, replying to written queries	Quick response to queries and demands	İşbank engages in regular and on-demand communication for target group via written, visual and digital media channels to inform the general public about the Bank's activities.
Suppliers			
Continuous	Daily communication with product and service suppliers, projects aimed at increasing sustainability awareness among suppliers	Quick and convenient communication, corporate capacity expansion	İşbank strives to choose environmentally-friendly products and services during procurement operations. The Bank works in close collaboration with its suppliers to raise their awareness on the importance of sustainability and enhance their corporate capabilities 🔗 See Supply Chain Management
			In 2021, İşbank conducted a survey designed to evaluate the performance and current status of its suppliers, determined the suppliers' awareness under specific categories such as Environment, Labor and Human Rights, Ethics and Sustainable Procurement in order to actively manage the environmental and social impact of its supply chain.
			The Bank became the first organization in the Turkish banking and finance sector to receive the CIPS certificate.



Initiatives Supported in the Field of Sustainability


The UN Women's Empowerment Principles (WEPs)

The UN Women's Empowerment Principles consists of guiding principles for empowering women's place in the business world and society.

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

 **Communication on Progress for the UN Women's Empowerment Principles**

United Nations Environment Program Finance Initiative (UNEP FI) Principles of Responsible Banking (PRB)

The Principles of Responsible Banking introduced by the UNEP FI are intended to ensure alignment of the signatory banks with the vision set forth by the society in the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement. These principles, which define the role that the banking sector can play to achieve a green and inclusive economy, are designed to maximize the influence of the banking sector on the efforts toward sustainable economic growth. Being a signatory of the UNEP FI Principles of Responsible Banking and a member of the UNEP FI, İşbank has conducted a portfolio impact analysis and maintained its collaborative efforts in the UNEP FI working groups.



PRINCIPLES FOR RESPONSIBLE BANKING

The UN Global Compact and the Declaration on Sustainable Finance

The UN Global Compact is the world's largest corporate sustainability initiative focusing on human rights and ethics. İşbank is committed to complying with the 10 principles of the UN Global Compact in all of its operations.



The Bank is a member of the Global Compact Turkey Sustainable Finance Working Group. The group aims to raise awareness on the concept of sustainability across the real sector, especially in the Turkish finance sector, and mobilize the private sector for creating the financial resources needed to achieve the Sustainable Development Goals.

İşbank is a signatory of Global Compact Turkey's Declaration on Sustainable Finance, which was prepared by the Global Compact Turkey Sustainable Banking and Finance Working Group. With this declaration, the signatory banks pledged to take environmental and social risks into consideration during loan assessment processes for investments of USD 10 million and above. With the update made in 2021, the scope of the Declaration was further expanded by including the phrase "innovative sustainable finance principles" in addition to "take environmental and social risks into consideration during loan assessment processes". The updated Declaration on Sustainable Finance means that the signatory banks, including İşbank, are committed to not only taking social and environmental risks into consideration during loan assessment processes, but also to playing a leading role in embracing an inclusive, sustainable finance approach that supports the development of sustainability-driven banking products as well as the growth of this market.

United Nations Sustainable Development Goals (SDGs)

The Sustainable Development Goals are a call for action that includes the goals to be achieved by the end of 2030 by the United Nations member states. It focuses on solving social, cultural and ecological issues grouped under 17 main topics such as ending hunger and poverty, combating climate change, gender equality, quality education, responsible production and consumption worldwide.



İşbank is aware of the transformative power and responsibility of the banking and finance sector in sustainable development. Therefore, the Bank supports the United Nations Sustainable Development Goals and reports its direct and indirect contributions to the goals.

 **Contribution to Sustainable Development Goals**

CDP- Carbon Disclosure Project

CDP is an independent global organization that allows publicly -traded companies to disclose information to their investors about how they use natural resources and manage the risks in this area. İşbank has been transparently sharing its environmental goals and performance with its stakeholders within the scope of the CDP Climate Change Program since 2019. The Bank was awarded a score of "B" in the CDP Climate Change Program in 2021. İşbank also began to make disclosures as part of the CDP Water Security Program to report on its water usage as well as the actions taken to manage its impact on water resources in 2021. The Bank was awarded a score of "C" in the CDP Climate Change Program in 2021.



Integrated Reporting Turkey Network (ERTA)

Founded to raise awareness on integrated reporting and integrated thinking throughout Turkey, ERTA strives to enhance the capacity of businesses and ensure that good practices are shared. It is an association that aims to contribute to the spread of integrated thinking in all institutions and organizations by collaborating with public, private sector, non-governmental and academic institutions at national and international level. The Bank is a member of ERTA.



The Banks Association of Turkey (BAT) Sustainability Working Group

İşbank is an active participant of the Sustainability Working Group of the Banks Association of Turkey (BAT). The working group shares information on local and global developments in the field of sustainability, exchanges views on sustainability by holding meetings with regulatory institutions and boards, and develops training programs to support the sustainability efforts in the sector.



Science-Based Targets Initiative (SBTi)

The Science-Based Targets Initiative directs the private sector's climate action by enabling companies to set science-based emission reduction targets in order to keep the global temperature increase below 1.5°C and to meet the targets set in the Paris Agreement. In 2021, the Science-Based Targets Initiative developed a scientific roadmap to help decarbonization of the real sector by publishing its first-ever "Net-Zero Standard" Methodology for the finance sector and other sectors as well.



İşbank has pledged to use Science-Based Targets as a reference when setting its Scope 1 and 2 emission targets as part of its CDP disclosures.



İŞBANK'S ESG RATING AND INDICES IN WHICH IT IS LISTED

Sustainalytics

Sustainalytics is an internationally recognized research and rating organization that focuses on sustainability and evaluates the environmental, social and governance performance of organizations.



İşbank received a rating of "18.6" in the ESG assessment for 2021, achieving a "low risk" level. The Bank's objective is to strengthen its funding structure and become a key player that promotes sustainable and inclusive economic growth by gaining access to green/sustainable funds from international markets by making use of this and other similar ratings from organizations that conduct an in-depth assessment of the Bank's sustainability performance.

FTSE4Good Emerging Markets Index and BIST Sustainability Index

The "FTSE4Good Emerging Markets Index", launched by the global index and data provider FTSE Russell under the guardianship of the London Stock Exchange, is viewed as one of the key global indices that organizations take into account as they seek to invest in companies that demonstrate good sustainability practices.



The index, which was launched to encourage financial institutions to take environmental, social and governance criteria into consideration when making investment decisions, assesses the performance of organizations against such criteria.

The BIST Sustainable Index was created to help the companies listed in Borsa İstanbul gain a better understanding of sustainability and embrace best sustainability practices, and includes only those companies that are publicly traded in Borsa İstanbul and have a top-level corporate sustainability performance.

İşbank has been included in the "BIST Sustainability Index" since 2015 and in the "FTSE4Good Emerging Markets Index" since 2016. The Bank also aims to be listed in the Dow Jones Sustainability Index in the future.

Contribution to Sustainable Development Goals

The Sustainable Development Goals (SDGs) represent a call for action by the UN to develop solutions to global issues. It is essential that governments, the private sector, academic institutions and non-governmental organizations work collaboratively to make progress toward these goals, which are intended to be achieved by 2030.

The banking and finance sector has the necessary expertise and resources to be able to offer solutions, both direct and indirect, to today's global and regional issues. The sector's transformative power and leverage effect on the economy mean that it is well-equipped to make significant contributions to the Sustainable Development Goals.

İşbank supports the UN Sustainable Development Goals. The Bank views its contribution to these goals as a key component of its value-creation processes. İşbank indirectly contributes to these goals by providing the necessary funding for solutions that have the potential to help solve the issues associated with the 17 development goals.

İşbank also directly contributes to 6 goals that fall into its field of activity. This section provides a summary of the Bank's contribution to these goals.



SUSTAINABLE DEVELOPMENT GOAL 4: QUALITY EDUCATION

Achieving inclusive and quality education for all should be the top priority to increase economic well-being.

İşbank believes that easily accessible and quality education is essential for sustainable development. Therefore, the Bank not only invests in the development of its employees [See Talent Management](#) but also contributes to the education quality of the country through programs led as part of its long-term social responsibility projects. [We Take Responsibility for Future Generations](#)

Targets to which the Bank contributes:

- 4.1:** Ensuring that all girls and boys complete primary and secondary education
- 4.2:** Ensuring that all girls and boys have access to quality pre-school education
- 4.3:** Increasing access to technical and vocational education
- 4.4:** Improving technical and vocational skills and entrepreneurship
- 4.5:** Eliminating gender equality in education
- 4.7:** Achieving literacy and numeracy in the field of sustainable development
- 4.a:** Providing inclusive learning environments for all



SUSTAINABLE DEVELOPMENT GOAL 7: AFFORDABLE AND CLEAN ENERGY

The growing global population and increased production mean that the world's need for affordable and clean energy increases each day.

İşbank supports the transition to a low-carbon economy and offers finance solutions for renewable energy investments to help energy transformation. [See We Take Responsibility for an Inclusive and Solid Economy](#)

The Bank also creates resources for the renewable energy sector by committing itself to utilizing renewable resources in its operations.

[See We Take Responsibility for Climate Action](#)

Targets to which the Bank contributes:

- 7.2:** Increasing investments in renewable energy
- 7.3:** Increasing energy efficiency





SUSTAINABLE DEVELOPMENT GOAL 8: DECENT WORK AND ECONOMIC GROWTH

İşbank supports the inclusive business models of the banking and finance sector, believing that it has a critical role to play in ensuring economic well-being for all.

Besides its widespread network of branches and digital banking applications [See We Take Responsibility for Next Generation Banking](#) the Bank also supports access to financial services and contributes to social welfare through products and services developed for disadvantaged customer groups.

[See We Take Responsibility for an Inclusive and Solid Economy](#)

By making its unbiased and comprehensive economic reports electronically accessible to all, the Bank wishes to allow stakeholders from different backgrounds to benefit from its intellectual knowledge. İşbank also creates value by offering its employees a fair and decent work environment. [See We Take Responsibility for Our Employees](#)

Targets to which the Bank contributes:

- 8.2: Increasing the economic added value created
- 8.3: Creating more decent jobs
- 8.4: Decoupling economic growth from environmental degradation
- 8.5: Achieving full employment and decent work for all women and men
- 8.6: Increasing youth employment
- 8.7: Eradicating forced labor and ending modern slavery
- 8.8: Protecting labor rights



SUSTAINABLE DEVELOPMENT GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Technological developments and innovations are the key to creating new jobs and promoting a low-carbon economy.

Supporting sustainable industries, investing in scientific research and innovation are essential to make sustainable development possible.

İşbank supports the transition to the new economy by focusing on digital banking solutions [See We Take Responsibility for Next-Generation Banking](#) financing infrastructure investments, [See We Take Responsibility for an Inclusive and Solid Economy](#) performing innovative development projects, [See "Innovation and Entrepreneurship"](#) and supporting start-ups.

Targets to which the Bank contributes:

- 9.2: Promoting inclusive and sustainable industrialization
- 9.4: Supporting clean and environmentally-friendly technologies
- 9.5: Increasing the budget for Research & Development activities



SUSTAINABLE DEVELOPMENT GOAL 10: REDUCED INEQUALITIES

Policies that empower low-income segments and promote inclusive participation of everyone in economic spheres, regardless of their gender, race or ethnicity, must be embraced to eradicate increased economic and social inequalities.

The banking sector has an important role and responsibility to provide financial resources so that such inequalities can be eliminated.

İşbank is against all kinds of discrimination. The Bank strives to create sustainable value for all stakeholders by providing a fair work environment [See Equal Opportunity and Diversity](#) increasing access of disadvantaged groups to financial services [See Financial Inclusion](#) and supporting long-term social responsibility programs. [See We Take Responsibility for Future Generations](#)

Targets to which the Bank contributes:

- 10.2: Promoting inclusive economic growth for all
- 10.3: Eliminating discrimination
- 10.4: Adopting policies that can prevent inequality



SUSTAINABLE DEVELOPMENT GOAL 13: CLIMATE ACTION

The scientific world states that the increase in average temperatures should be limited to a maximum of 2 °C in order to minimize the devastating effects of climate change.

To achieve this goal, it is necessary to finance alternative production and consumption models with low environmental impact.

Supporting the transition to a low-carbon economy, İşbank takes the environmental impacts into consideration when offering products and services. The environmental and social impacts of the projects financed are rigorously reviewed to ensure that appropriate actions are taken to minimize/eliminate potential risks that may arise from the projects. [See Environmental and Social Risk Management in Loans](#) The Bank also contributes to the combat against climate change by reducing its environmental footprint. [See Environmental Impact](#)

Targets to which the Bank contributes:

- 13.1: Strengthening resilience to climate-related hazards and natural disasters
- 13.3: Improving awareness on climate change and adaptation



An aerial photograph of a tropical island. The island is divided into three main sections. On the left is a large, dense forest of tall, green trees. In the center is a small, sandy beach area with a few buildings. On the right is a large, open area with many small, colorful buildings, likely a village or resort. The island is surrounded by clear, turquoise water, and a small lagoon is visible on the left side of the island.

Reliable Financial Actor

An Inclusive and Solid Economy
Climate Action
Next-Generation Banking



We Take Responsibility for an Inclusive and Solid Economy

An inclusive and solid economy represents an economic growth model which allows everyone to benefit from economic well-being and creates opportunities for all.

With the COVID-19 pandemic, economic and social inequalities reached the highest levels seen during the last 30 years in many OECD countries.

The top 10% of income earners take¹ home over ten times more pay than the bottom 10%. Economic inequalities also restrict social mobility, creating a cycle of poverty that persists across generations. Children are at least four

times less likely to attend² university if their parents did not complete secondary school than those children with a parent who has a bachelor's degree.

Thanks to its financing power, the banking and finance sector has a significant leverage effect in eliminating economic inequalities and achieving inclusive growth.

¹"Inequality puts our world at risk" ²"Investing in people and places"

Material Issues

Combating Climate Change ■ Financial Performance and Profitability
■ Financial Literacy ■ Financial Inclusion ■ Customer Centricity ■
Responsible Products and Services ■ Responsible Marketing

Risks

- Loss of customers due to not understanding customer needs correctly
- Losing touch with developments such as platform business models and sharing economy, which are essential components of the new economy
- Global economic shrinkage caused by the COVID-19 pandemic
- Global uncertainties making long-term planning difficult
- Penalties and sanctions that may be incurred due to rapidly changing regulations and non-compliance
- Inequalities due to large sub-populations being unable to access financial resources
- Reputational risks to the sector due to complex and non-transparent financial transactions and processes
- Risks associated with global climate change

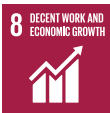
Related Capital Elements

Financial Capital Intellectual Capital Social-Relational Capital

Opportunities

- Increasing customer satisfaction by developing products and services according to their expectations and needs via regular customer communication
- İşbank's ability to quickly make use of emerging opportunities thanks to its robust financial structure
- The Bank's dynamic and proactive business strategy that prioritizes sustainable growth
- Increasing the Bank's penetration through products specifically developed for disadvantaged segments
- Expanding customer base by developing products and services that address the needs of all segments of society
- Increasing customer satisfaction by providing customers with accurate and timely information about products and services

Contributed SDGs



At İşbank, we work hard to help create an inclusive economic model that benefits all segments of society by driving growth and sharing this growth equally.

We take responsibility for creating an economic model that is built on sound core principles such as innovation, entrepreneurship, environmental responsibility and equal opportunity and strengthens the next-generation's hopes for our country.

KEY PERFORMANCE INDICATORS

	2019	2020	2021
Total Loan Growth (%)	4.7	27.7	42.9
Non-performing Loan Ratio (%)	6.5	5.6 (6.5)*	4.1
Net Interest Margin (Swap Adj.) (%)	3.71	4.37	3.14
Net Fees and Commissions Growth (%)	26.4	0.9	35.6
OPEX Growth (%)	21.8	20.5	34.9
Cost / Income Ratio (%)**	38.8	32.9	30.8
Return on Average Tangible Equity (%)	12.1	11.8	20.0
Return on Average Assets (%)	1.39	1.25	1.92
Capital Adequacy Ratio (%)	17.87	18.68 (18.02)*	20.36 (16.53)*
Tier 1 Ratio (%)	14.97	14.73 (14.17)*	15.78 (12.49)*
Leverage (%)	9.07	7.88	6.75
Number of Customers (million)	19.5	20	20.7
Individual Net Promoter Score	33	59.3	72.4
Individual Net Promoter Score Ranking (among private banks)	1	1	1
Commercial Net Promoter Score	43	45.9	79.1
Commercial Net Promoter Score Ranking (among private banks)	1	2	1
Customer satisfaction score (%)	81.2	86.2	90
Number of people reached through Farmer Meetings	4,485	1,500	1,861
Number of disabled-friendly Bankamatik ATMs	4,410	4,598	5,113
Number of female entrepreneurs who participated in events to support female entrepreneurs	425	448	267
Number of events organized in support of SMEs	34	40	29
Number of İŞ'TE KOBİ SME website views	1.1 million	550,000	439,000
Improving financial literacy and savings awareness	More than 21 thousand students participated in the workshops held at İşbank Museum.	Museum workshops could not be held from March 2020 onwards due to the COVID-19 measures put in place.	Museum workshops could not be held due to the COVID-19 measures put in place.
Number of feedback responses communicated to the Customer Relationship Program	467,000	824,000	656,000

* Excluding the impact of BRSA forbearance measures. ** Adjusted rates included in 2019, 2020 and 2021 investor presentations.



TARGETS

Targets for 2021	Realization in 2021	Realization	Targets for 2022 and Beyond
Achieving a Net Promoter Score of at least 40 in individual and commercial segments and maintaining leadership among private banks in this area	The Bank achieved a Net Promoter Score of 72.4 and 79.1 in individual and commercial segments, respectively, and maintained leadership among banks of similar size.	✓	Achieving a Net Promoter Score of at least 70 in individual and commercial segments and maintaining leadership among banks of similar size
The Bank aims to increase the ratio of disabled-friendly Bankamatik ATMs to more than 80% in 2022.	The ratio of disabled-friendly Bankamatik ATMs was 78.9% as of the end 2021.	✓	>%80
The Bank aims to keep the number of female entrepreneurs supported through activities for female entrepreneurs above 500 every year.	As the cooperation protocol between İşbank and Arya Women Investment Platform was executed on 02.07.2021, the planned event dates were rescheduled, with the last three series of Arya Workshops, the Entrepreneur Academy, and the Investor Academy being postponed to 2022.	✗	The Bank aims to keep the number of female entrepreneurs supported through activities for female entrepreneurs above 500 every year.
The Bank aims to organize more than 40 events to support SMEs between 2021-2023.	Due to the pandemic, only 29 events could be organized.	✗	30 events are planned to be organized every year until 2024.
It is estimated that the number of views received by the İŞ'TE KOBİ website will reach 1 million 250 thousand in 2023 with an annual increase of 250 thousand.	The İŞ'TE KOBİ website had a total of 439,197 views in 2021. As the software development firm which created the website ceased its operations in June 2021, planned developments could not be done and the Bank began to look for a new software development & hosting firm for the İŞ'TE KOBİ website, focusing on a seamless transition to the new firm to maintain the website in the best possible way.	✓	The target was revised in 2021. This revision estimates that the number of views received by the İŞ'TE KOBİ website will reach 500 thousand in 2023 with an annual increase of 50 thousand.

TARGETS

	Targets for 2021	Revised Targets for 2021	Realization in 2021	Realization	Targets for 2022
TL Loan Growth	~ 15%		27%	✓	>25%
TL Deposit Growth	~ 25%		25%	✓	>35%
Return on Average Tangible Equity	~ 12%		20%	✓	>20%
Net Interest Margin (Swap adj.)	3.6 - 3.8%	~ 50 bps decrease	3.14%	✓	~ 3.8%
Net Fees and Commisions Growth	~ 15%	~ Mid-twenties	36%	✓	>30%
OPEX Growth	In line with CPI		35%	✓	In line with CPI
Cost to Income Ratio	41 - 43%		34.7%	✓	35-36%
Non-performing Loan Ratio	<6.5%		4.1%	✓	<5%
Net Cost of Risk	<250 bps	<150 bps*	75 bps**	✓	<150 bps**
Capital Adequacy Ratio (excluding the impact of BRSA forbearance measures)	>15%		16.53%	✓	>15%

* Including currency impact. ** Excluding currency impact.



Financial Performance

İşbank's long-standing strong capital structure together with its profitable and healthy growth strategy are the pillars on which its financial success is built.

Broad Customer and Shareholder Base

İşbank boasts a widespread shareholder base which consists of nearly 175 thousand individual and corporate investors. As of the end of 2021, 37.26% of the Bank's capital was held by İşbank Members' Supplementary Pension Fund, the members of which are around 49 thousand employees and retirees. İşbank serves 20.7 million customers as of the end of 2021.

The Largest Private Bank in Turkey

İşbank increased its total asset size to TL 926.6 billion in 2021 and continued to be “the largest private bank of Turkey”. Achieving its targets to a great extent, İşbank also maintained its leadership among private banks in terms of total loans, deposits and shareholder equity in the same period.

Being the private bank that makes the most significant contribution to the national economy, İşbank’s total cash loans reached TL 493.4 billion as of the end of 2021. Turkish Lira loans i grew by 26.6%, while foreign currency loans decreased by 4.7% adjusted for the exchange rate compared to the end of the previous year. The resources provided by the Bank to the economy through non-cash loans reached TL 193.4 billion as of the end of 2021.

At the end of 2021, 53.2% of the Bank's total assets consisted of loans, while the share of the securities portfolio in total assets was realized at 15.4%.

Thanks to its healthy growth strategy and effective risk management through the loan underwriting processes, İşbank’s NPL ratio stood at 4.1% at the end of 2021.

Widespread Deposit Base

With its widespread network of services and diversified digital contact points, İşbank offers its customers a wide range of products through various channels and continues to be the bank of choice among savers. İşbank’s total deposits increased by 61.5% in 2021 and reached TL 595.6 billion. Turkish Lira deposits increased by 24.6% compared to the end of the previous year, while foreign currency deposits increased by 3.1%, excluding the currency impact. The share of demand deposits in total deposits was 47.9% at the end of 2021. Being the largest private bank in terms of total deposits and foreign

currecnry deposits, İşbank also maintained its leadership among private banks in terms of the size of Turkish Lira saving deposits and demand deposits in 2021.

Diversified Funding Base

Deposits, which accounted for 64.3% of the total liabilities at the end of 2021, continued to be the primary funding source of İşbank. At the same time, with a cost-sensiteve approach, İşbank continued to utilize non-deposit funding sources in domestic and foreign markets in order to diversify its funding and extend the maturity structure of its liabilities. The non-deposit funding sources, which consists of repo transactions, funds borrowed, securities issued in domestic and foreign markets and subordinated debts, accounted for 19.6% of the total liabilities at the end of 2021.

Strong and Resilient Financial Structure

The size of the Bank's shareholder equity reached TL 86.8 billion at the end of 2021 with a 28.1% increase compared to the end of the previous year. Maintaining its strong capital structure, İşbank's capital adequacy ratio was realized as 20.4% at the end of the year.

The Bank posteda net profit of TL 13.5 billion with a return on average equity of 18.4% and a return on average assets of 1.9% in 2021.

The Bank's share in deposit markets calculated based on the monthly sector data dated December 2021 as published by BRSA:

- » A total market share of **14.2%** in savings deposits, with **11.3%** and **15.7%** respectively in Turkish Lira and foreign currencies
- » A total market share of **12.5%** in the total deposits market (excluding Banks deposits), with 9.5% and **14.1%** respectively in Turkish Lira and foreign currencies.

As part of its mission to increase savings awareness across all segments of society, the Bank focused on developing artificial intelligence-supported pricing mechanisms and improving the diversity of products and services in 2021 in order to maintain its leadership in deposits, one of its primary sources of funding.

The Bank also continued to work on improving sales and marketing of personal banking products across all channels, especially digital contact points, in 2021, a year which was marked by the pandemic. In Q4 of 2021, consumer loans grew by 9.3% with an increase of TL 7.3 billion, while credit cards and total personal loans increased by 9.5% and 9.3%, respectively, compared to Q3.

İŞBANK and ITS ACTIVITIES in 2021

Composition of Assets (%)	2021	2020	Composition of Liabilities (%)	2021	2020
Cash and Banks	22.2	14.6	Deposits	64.3	62.1
Securities	15.4	18.4	Funds Borrowed and Money Markets ⁽¹⁾	19.6	19.6
Loans	53.2	58.1	Other Liabilities	6.7	6.9
Subsidiaries and Participations	4.3	4.4	Shareholders' Equity	9.4	11.4
Other	4.9	4.4			
Total	100	100	Total	100	100

Key Financial Highlights (TL Million)	2021	2020	Change (%)	Ranking Among Private Banks
Total Assets	926,569	593,902	56.0	1
Loans	493,378	345,150	42.9	1
Deposits	595,628	368,876	61.5	1
Shareholders' Equity	86,839	67,781	28.1	1

Key Financial Ratios (%)	2021	2020
Interest Earning Assets ⁽²⁾ / Total Assets	89,3	89,8
Loans / Total Assets	53,2	58,1
Loans / Deposits	82,8	93,6
Non-performing Loan Ratio	4,1	5,6
NPL Coverage Ratio	66,2	63,7
Demand Deposits / Total Deposits	47,9	41,7
Shareholders’ Equity / Total Liabilities	9,4	11,4
Capital Adequacy Ratio	20,4	18,7
Return on Average Equity ⁽³⁾	18,4	10,9

⁽¹⁾ Includes securities issued and subordinated debts in TL and FC.

⁽²⁾ Interest earning assets include TL and FC required reserves at Central Bank.

⁽³⁾ Average figures are calculated based on quarterly balances.



İşbank and its Activities in 2021

Our Main Fields of Activity

CORPORATE BANKING

With corporate banking services, İşbank provides local corporations and international companies with services and financing solutions tailored to their needs.

► **PRODUCTS and SERVICES:**

Project Financing, Risk Management Solutions (Hedging), Digital Solutions

► **HIGHLIGHTS of 2021:**

Kalyon Güneş Enerjisi Üretim A.Ş. was granted a loan of USD 812 million by a consortium joined by İşbank for financing the Karapınar YEKA Solar Energy Power Plant project with a total installed capacity of 1000 MW.

Adnan Polat Enerji Yatırımı A.Ş., a company owning renewable energy power plants portfolio with an installed capacity of 695 MW, was granted a loan by a consortium led by İşbank re-purchasing its own remaining shares.

A consortium, led by İşbank as Sustainability Representative, provided USD 100 million in total loan to Dowaksa İleri Kompozit Malzemeler San. Ltd. Şti. For its capacity expansion projects, including the Additional Carbon Fiber Production Line investment. "A Sustainability-Linked Loan Mechanism", which involved the company's green and social targets including energy efficiency, employment and social responsibility indicators, was established in order to improve the sustainability practices in relation to this investment.

PERSONAL BANKING

İşbank's activities in the field of personal banking are shaped around the principal target of "becoming the customers' financial solution partner of choice in every stage of their lives". The Bank's operations are built on a single strategy: to obtain a timely and accurate understanding of the customers' needs in order to offer them the best possible solution and experience.

► **PRODUCTS and SERVICES:**

Remote Customer Acquisition, Private Pension for My Child, Exchange Rate-Protected Deposits, Artificial Intelligence- and RPA-assisted applications, real-time analytic application development, Remote Customer Management, Forest for the Future

► **HIGHLIGHTS of 2021:**

22% of our new customers were acquired through the remote customer acquisition method.

With 55,579 participants under the age of 18, İşbank became the sector leader in the Private Pension System in this category.

After the Exchange Rate-Protected TL Time Deposit Account products began to be offered at İşbank branches on 23 December 2021, more than 10 thousand FX-protected accounts were opened by the end of 2021 with TL 6.1 billion in savings deposited in these accounts.

The share of the sales opportunities generated via real-time analytic applications within total loans lent was 33% in consumer loans and 8% in Overdraft Accounts. AI-assisted analytical models have begun to be used at every step of the customer journey.

COMMERCIAL BANKING

In line with its mission, İşbank stands by industrial organizations, tradespeople, SMEs and other miscellaneous businesses. Being present at all points of commerce, İşbank offers products and services that create value for its customers throughout Turkey with its widespread branch network.

► **PRODUCTS and SERVICES:**

Business Credit Card, Daily Deposit Account, Workplace Loan, Maximum İşyerim, POS, TekCep, ÇekCepte, Tradesmen Support Loan, Instant POS, Instant Commercial Loan, Instant Commercial Products, Digital Overdraft Current Account, Maximiles TIM Exporter Card, Instant Agricultural Loan, SME Loans, İmece Card, İşim Card, Tarsim, İmeceMobil, Dijikolay, Denizleri Koruyalım (Let's Protect the Seas) Loan, Digital Supplier Finance System, Project Financing, Risk Management Solutions (Hedging), Digital Solutions

► **HIGHLIGHTS of 2021:**

İşbank maintained its leadership in installment commercial loans among private banks with a market share of 10,7%⁽¹⁾⁽²⁾, and reached a portfolio size of TL 72.1 billion at the end of 2021.

In addition to the existing Geothermal Power Plant loans, a loan was provided to Greeneco Enerji Elektrik Üretim A.Ş. by İşbank within the scope of financing the 40 MW Hybrid Solar Power Plant. The Bank generated a fund of USD 40 million with the Loan Agreement entered into with the International Bank for Reconstruction and Development

⁽¹⁾ Calculated using monthly sector data published by the Banking Regulation and Supervision Agency without taking accrued interest and re-discounts into consideration, and participation banks are excluded from sector figures.

⁽²⁾ Overdraft accounts are included.

(IBRD) as part of the Access to Inclusive Finance Project.

The number of İşim Card holders reached 15,951 at the end of the year.

WorkupAgri Agricultural Entrepreneurship Program was launched. The Bank met with nearly 2,000 producers in 16 regions. İşbank is the sector leader in commercial vehicle loans with a market share of 21.33%⁽¹⁾ and a loan volume of TL 11.4 billion at the end of 2021. Workplace loans reached a volume of TL 2.7 billion, which corresponds to a market share of 22.35%⁽¹⁾.

Based on its mission to become an integrated solution partner for its customers, İşbank added the "Digital Supplier Finance System" to its portfolio of products designed to simplify and facilitate commerce with the quick and effective way of doing business made possible by digitalization. The Digital Supplier Finance System enables the collection of invoiced debts associated with goods and services sold on credit by paying a discount commission without having to wait for the payment terms. The volume of loans borrowed via this system reached TL 950 million.

Dijikolay - a suite of digitalization products designed to help İşbank's customers digitalize business processes and enhance their competitiveness - has been launched and offered to the Bank's customers with nearly 20 digital business process solutions. In response to increased marine pollution, İşbank introduced the Denizleri Koruyalım (Let's Protect the Seas) Loan - the first of its kind in the sector - to address the specific requirements of the marine sector.

PRIVATE BANKING

With its Private Banking operations, İşbank continued to offer tailored alternative products based on the needs and investment preferences of its customers.

► **PRODUCTS and SERVICES:**

Asset Management, Privia Credit Card, Privia Investment Fund, Privia Consumer Loans, Privia Pension Plan, Financial Status Report, Privia Line

► **HIGHLIGHTS of 2021:**

In 2021, İşbank continued to offer high-level financial solutions tailored according to the needs and requirements of customers with its professional staff at 13 specialized Private Banking branches, including 7 in Istanbul, 3 in Ankara and 1 in İzmir, Adana and Antalya each. In private banking service areas, the Bank was managing the assets of 10,967 customers worth TL 50.2 billion at the end of

2021. The total customer assets managed by İş Portföy Yönetimi A.Ş. (İş Asset Management) reached TL 5.5 billion with a 145.6% increase compared to the previous year, while the size of private family funds reached TL 4.8 billion with a 157.5% increase. İş Asset Management private family fund setups also continued in 2021, and the number of operational private family funds reached 23 at the end of 2021 with a 91.7% increase compared to the previous year.

The size of total funds of private banking customers in Anadolu Hayat Emeklilik products reached TL 1.3 billion at the end of 2021, with an 89.9% increase.

Private banking customers are provided with information and updates about İşbank's environmentally friendly/ sustainable investment funds on a regular basis throughout the year. The size of the above-mentioned funds reached TL 272.1 million with a 773% increase compared to the same period of the previous year.



PAYMENT SYSTEMS

The activities of İşbank in the field of payment systems are carried out with the aim of empathizing with the customer with an average level of financial literacy and standing by all customers with a perfect customer experience and designed products and services that can be used easily in daily life whenever they need it.

► PRODUCTS and SERVICES:

Personal and Business Credit Cards, Personal and Business Debit Cards, MaxiPara Cards, İmece Cards, Dealer Cards, Instant Card Applications, Applications for Money Transfers Between Cards, Virtual and HCE Cards, Interest and Fee Applications, Deferred Payment with Interest and Installment Transactions, Installment Limitations, Account Statement, Repayment and Duration of Delay, Points and Miles Applications, Co-branded Card Applications, Contactless Payment

► HIGHLIGHTS of 2021:

As part of its vision of developing sustainable and responsible products and services, İşbank digitalized cards to reduce the use of plastics, expanded the use of contactless payment methods at stores for seamless and quick payment, and used digital copies of credit card contracts for paperless banking in 2021.

While business credit card allocation processes used to be managed by the Payment Systems Operations Division, this responsibility has been transferred to the Branches, and card allocations have begun to be executed via the Krypton program.

Payment Transactions have begun to be accepted via İşCep and Maximum Mobile, via Kart Karekod from POS devices with credit cards, debit cards and MaxiPara cards, and via FAST Karekod from İşCep Commercial Customers can now quickly apply for a POS device through İşCep, Internet Banking and Maximum İşyerim applications. This way, POS applications for İşim POS, Sanal POS and İmece POS can also be submitted via digital touchpoints. Additionally, the Bank has also begun to digitally store the contracts without requiring a wet signature, which previously needed to be signed by member businesses during the application process.

İşbank has begun accepting payments via the UnionPay, QR method on Ingenico POS devices, added TL to the payment currencies available in Alipay, and added Euro to the payment currencies available in the WeChatPay payment method. Furthermore, İstanbul Cards can now be used as a payment method on Ingenico POS devices.

With the Maximum İşyerim app, it is now possible to turn an NFC-enabled Android mobile phone into a POS terminal for accepting contactless payments to help protect public health and facilitate payments with more economic tools. This new POS solution also enables PIN code entry via the on-screen keyboard of the phones or tablets used as a POS terminal for payment transactions above the contactless payment limit. Besides allowing small businesses and SMEs to benefit from an affordable solution for payment collection with credit or debit cards, this app is also expected to positively impact on sales thanks to the secure, quick and convenient payment experience that it offers to customers. This app was made available for use by customers in 2021.

DIGITAL BANKING

► HIGHLIGHTS of 2021:

In 2021, the diversity of transactions available in İşCep was increased with enriched sales and application capabilities in line with customers' expectations. The number of transactions available in İşCep was increased from 393 to 491 as of November 2021.

In 2021, the Instant and Continuous Transfer of Funds (FAST, Fonların Anlık ve Sürekli Transferi) system, the Easy Address (Kolay Adres) designation/money transfer, and payment and money transfer services with TR QR Code began to be offered via the Bank's transaction channels.

Services that are expected to create value for customers have been added to İşcep Market, which is part of the İşCep platform, the mobile banking platform with the highest diversity of transactions in the sector. New features have been introduced, such as the ability to view account details in İşCep without logging in, Geleceğe Orman (Forest for the

Future), the ability to receive a queue number in İşCep for transactions at the Bank's branches, and secure vehicle buying-selling transactions.

In 2021, the Bank began to work to ensure that the personal finance management functions available in İşCep could be operated in accordance with open banking standards. Furthermore, the function set has been expanded with new features such as spending notification for transactions above an average amount, notification of increased invoice amount and re-direction of insights into detail screens. The personal assistant application Maxi supports on-demand resolution of issues, and when unable to resolve an issue, re-directs the customer to the Live Support service so they can get in touch with customer representatives through written, verbal and visual communication. Hybrid digital experience enables instant resolution of issues, offering customers a seamless banking experience.

CAPITAL MARKET TRANSACTIONS

With its subsidiaries in capital markets, İşbank continues its brokerage services in capital market instruments such as equity markets, precious metals, derivatives and investment funds and offers custody and fund valuation services. As a customer-oriented bank, it also continues its product development and infrastructure projects to meet customer needs in the best way possible.

► HIGHLIGHTS of 2021:

İşbank maintained its leadership in the brokerage sector with a trade volume of TL 1.2 trillion in the Borsa İstanbul Debt Securities Market as of year-end 2021.

To obtain long-term funding and diversify funding sources, issuance of debt securities was used as an alternative funding source in 2021, too. Having issued debt securities since 2011, İşbank also continued to issue domestic TL-denominated debt securities in 2021, reaching TL 8.2 billion in issued debt securities.

Based on data available as of year-end 2021, İşbank maintained its active position among private deposit banks with a market share higher than 9% in domestic TL-denominated debt securities.

İşbank customer holdings in gold deposit accounts reached 70.8 tons at the end of 2021, representing a market share of 16.5% in gold deposit accounts among deposit banks.

Generating 8.5% of the trading volume on Borsa İstanbul Equity Market with its subsidiary İş Investment as of year-end 2020, İşbank is one of the leading institutions in the market.

İşbank intermediated 8% of the mutual funds distribution in the sector as of year-end 2021.

The number of investors who opened an international markets account exceeded 60 thousand in 2021.

İşbank plays an active role in the area of custody services with TL 134 billion worth of assets under custody as part of individual and collective custody services as of year-end 2021. With 50 real estate investment funds and venture capital investment funds covered among the mutual funds provided with asset custody services, İşbank has assumed a pioneering role in the sector with respect to custody of alternative mutual funds. Currently, 280 investment funds are receiving custody services from İşbank.

INTERNATIONAL BANKING

As part of its international banking operations, İşbank cooperates with correspondent banks in terms of payments and foreign trade transactions of its customers, while correspondent banking relations are being managed in the most effective way on the basis of reciprocity. İşbank aims to increase its foreign trade market share and obtain funding from international markets. In addition to foreign trade transactions, miscellaneous services such as issuance of letters of guarantee, wire transfer and TL account services are being provided upon demand of customers of İşbank's correspondents, within the framework of the current legislation. In order to ensure that its customers can complete their supply processes without interruption by facilitating their access to appropriate financing solutions and products according to their needs, İşbank maintains its efficient and sustainable collaborations with export insurance, credit agencies, and other financial organizations.

► HIGHLIGHTS of 2021:

As of 2021 year-end, İşbank maintains correspondent banking relationship with approximately 1,050 banks in 121 countries.

İşbank obtained two sustainability-linked syndication loans in May and November 2021 and determined several environmental and social performance indicators in the related loan agreements.

On 25 February 2021, the Bank issued its second green bond, with a maturity of 5-years and an amount of USD 13 million.

The İşbank Sustainability Bond Framework, which allows issuing Eurobonds as green bonds, social bonds or sustainability bonds, was updated in 2021 expanding its scope to also cover loan transactions and was renamed as "Sustainable Finance Framework".



CROSS-BORDER BANKING

İşbank Group carries out its cross-border banking operations through its overseas branches, subsidiary banks and representative offices in abroad. İşbank has presence in 11 different foreign countries. 10 of the total of 34 branches belong to Frankfurt-based (Germany) İşbank AG, whereas Moscow-based (Russia) JSC İşbank has 1 branch and Tbilisi-based (Georgia) JSC İşbank Georgia has 2 branches. In addition, there are 2 representative offices in Kazan and St. Petersburg, which are affiliated with JSC İşbank. In addition to the aforementioned, İşbank has 2 branches in Iraq, 2 in Kosovo, 2 in the UK, 1 in Bahrain and 14 in the Turkish Republic of Northern Cyprus (TRNC). The Bank has 2 representative offices, one in Shanghai (China) and the other one in Cairo (Egypt).

► **PRODUCTS and SERVICES:**

İşbank offers basic banking services to its customers in abroad such as loans, deposit accounts, domestic and international money transfers and foreign trade transactions. In addition, tailor-made products have also been designed in different countries. In recent years, digital channels have gained importance in our services abroad. Therefore, the delivery of products and services is dynamically revised.

► **HIGHLIGHTS of 2021:**

Technical studies to develop a modern mobile banking product for İşbank's customers in the UK, Kosovo and Iraq have been completed. The mobile app is planned to be launched in early 2022.

With the mobile app "ParaGönder" developed by Maxi Digital GMBH, a subsidiary of Softtech (an İşbank Group company), it is possible to send money transactions in Euro from banks in Germany and Austria to İşbank Kosovo branches and to any bank in Kosovo with the assurance of İşbank AG subsidiary bank based in Germany.

As of the end of 2021, the total assets of İşbank's overseas organization amounted to USD 7.5 billion. The share of overseas subsidiaries in this total is 33%, while that of overseas branches is 67%.

TREASURY MANAGEMENT

Within the scope of Treasury operations, liquidity, interest rate and exchange rate risks were managed in parallel to the Bank's risk appetite, according to the principles of the Asset/Liability Management Risk Policy and the principles of sustainable profitability. Potential risks that may arise from the interest rate structure and İşbank's FC position, which is managed as an important element of the liquidity composition, were followed up ad-hoc and on a scenario basis, alongside other interrelated positions. Effective risk management was exercised by utilizing derivative products, along with money and capital markets products depending on market conditions.

İşbank's main goal is to optimize the risk-return balance and reinforce its balance sheet structure through a sustainable and profitable growth strategy by focusing on loan and investment portfolios, effective use of capital, dynamic management of FC and liquidity positions as well as cost control. Accordingly, the Bank created a flexible balance sheet composition by taking into consideration all elements, including expansion of the deposit base, i.e. the main source of funding, and diversification of non-deposit sources, optimization of risk-return balance, and fulfillment of customer needs.

İşbank's Subsidiaries

In line with its mission to support the industrial and economic development of Turkey, İşbank as an integrated group, has acquired many subsidiaries since its incorporation.

İşbank's Subsidiary Policy involves:

- Enriching the strategic perspective on the activities of existing subsidiaries on a corporate level by taking risk/return balance and market conditions into consideration,
- Pursuing growth on a wide range of companies,, from those newly incorporated to the mature ones, through organic and inorganic methods, and
- Ensuring that Group companies are among the pioneering and leading companies in their respective sectors and raising their market value.

As of year-end 2021, the Bank directly and indirectly holds shares in 132 companies, 109 of which are controlled by the Bank. As of the same period, 29 companies in which İşbank has direct shares amounted to TL 41.2 billion in the Bank's assets. 73.3% of this amount comes from publicly traded subsidiaries traded in Borsa Istanbul; named Türkiye Sınai Kalkınma Bankası A.Ş., Anadolu Hayat Emeklilik A.Ş., İş Finansal Kiralama A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş., İş Yatırım Menkul Değerler A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş.

Additionally, Anadolu Anonim Türk Sigorta Şirketi, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. and İş Yatırım Ortaklığı A.Ş. are also publicly-held Group companies controlled by İşbank through indirect shareholding.

As of year-end 2021, the subsidiaries portfolio accounts for 4.4% of İşbank's assets.

İşbank's subsidiaries operate in USA, Germany, United Arab Emirates, Bosnia and Herzegovina, Bulgaria, China, Georgia, India, Netherlands, England, Spain, Italy, Hungary, Egypt, Romania, Russia, Slovakia, Ukraine, Singapore and TRNC.

132

The number of companies in which the Bank directly or indirectly holds shares



FINANCE

İşbank has financial subsidiaries that are active in banking, insurance, private pension, capital market brokerage, portfolio management, venture capital, factoring, reinsurance, financial leasing, asset management, securities investment trust, investment banking, payment services and real estate investment trust.

Financial services subsidiaries enrich the range of products and services offered by İşbank to individual and corporate customers in different business lines while also creating complementary and cross-product delivery and sales opportunities.

TSKB

➔ Turkey's first privately-owned development and investment bank

TSKB, as a leader among the privately-owned development and investment banks, has undertaken a significant role in Turkey's economic development since its incorporation in 1950.

The Bank continues to add sustainable value for stakeholders and the national economy with the value it generates in economic, environmental and social areas. Offering its customers a wide range of innovative services with its in-depth knowledge in corporate banking, investment banking and advisory services, TSKB has adopted it as its mission to continuously contribute and support to the inclusive and sustainable development of the country.

Within the framework of the loan agreements executed with development finance institutions, TSKB provides loans in the areas of environment, energy and resource efficiency, as well as social loans supporting women employment, employment in underdeveloped areas, occupational safety and health and allocates funds to investments in diverse sectors in the form of SME loans.

Environmental, social, and governance (ESG) matters continue to take an increasingly greater share within the Bank's activities. In October 2020, TSKB established the "TSKB Green Swan Platform" aimed at taking joint action to tackle the climate emergency that the Bank regards as the biggest obstacle to sustainable and inclusive development. Accordingly, the Bank continues to work towards raising awareness of climate-related risks and enriching its collaborations in this respect.

The Bank obtained funds worth USD 192 million by signing a second syndication loan agreement indexed to sustainability criteria on 8 July 2021.

Undertaking a key role in the development and sustainable growth of the Turkish economy, TSKB was given a low-risk rating with a score of 13.6 in the Environmental, Social and Governance (ESG) risk rating assessment conducted in September 2021 by Sustainalytics, an independent specialized organization. This low-risk classification affirms that TSKB continues to be one of the best in its category among other Turkish and global banks. TSKB is also one of the leading organizations when it comes to corporate governance. The Bank's corporate governance rating score improved even further from 9.56 to 9.59 out of 10 in October 2021. In December, the Bank also entered into the "Geothermal Development Project - Additional Finance" loan agreement, worth USD 150 million which would be provided by the World Bank under the guarantee of the Central Bank of the Republic of Turkey to be lent to private sector companies for financing geothermal investments.

On a consolidated basis, TSKB had TL 7 billion in shareholder equity and TL 86.1 billion in total assets as of year-end 2021. In its review dated 10 December 2021, Fitch Ratings affirmed TSKB's long-term local currency IDR rating as "BB-", and foreign currency IDR as "B+", and the outlook for the Bank's long-term local currency rating was confirmed as negative. Finally, TSKB was assigned a national long-term rating of AA (tur), Viability Rating of (b+) and a "stable" outlook.



İşbank Germany

➔ A leading financial institution backed by Turkish capital in Europe

Founded in 1992, İşbank Germany grew and thrived within the financial system in Europe over the course of 28 years, since then it helped customers in Turkey to access the European financial system.

Having successfully adapted to the changing dynamics throughout its operations for more than a quarter of a century, İşbank Germany operates in Germany with 9 branches and in the Netherlands with one branch. As of December 2021, the Bank had 156 employees and EUR 1.9 billion in total assets and EUR 229 million in total shareholder equity. İşbank Germany provides finance solutions for foreign trade transactions between Turkey and EU member states with a focus on corporate banking.



İşbank Georgia

➔ İşbank's organization in Georgia

The presence of İşbank in Georgia, Turkey's border neighbor which is the gateway to the Caucasus, started with the branch opened in Batumi in 2012. The Tbilisi branch became operational in 2014, and from 2015 onwards, the existing branches were transformed into a subsidiary bank under JSC İşbank Georgia.

Mainly offering corporate banking services and having 63 employees, İşbank Georgia had total assets worth USD 125 million (GEL 387 million) and its shareholder equity amounted to USD 34 million (GEL 105 million) as of December 2021.



İşbank Russia

➔ Serving customers at 3 locations in Russia

İşbank has been cultivating its presence and operations in Russia, one of Turkey's important trade partners, since 2011.

With 94 employees on its payroll, İşbank Russia has 1 branch in Moscow, one representative office in Saint-Petersburg and one in Kazan. Concentrated mostly on corporate banking services, İşbank Russia's total assets were worth USD 216 million (RUB 16,141 million) and its shareholder equity was registered as USD 60 million (RUB 4,496 million) as of year-end 2021.



Anadolu Hayat Emeklilik

➔ The first publicly-traded private pension and life insurance company

Turkey's first life insurer, Anadolu Hayat Emeklilik A.Ş., is also the first publicly-traded company operating in the private pension and life insurance sector.

As of year-end 2021, the Company had total assets of TL 51.5 billion and a shareholder equity of TL 1.9 billion on a consolidated basis. As of the same date, total customer funds managed by the Company in private pension and life insurance was about TL 48.4 billion.

In 2021, in order to provide future assurance to those under the age of 18, the "Pension Plan for Children" product has started to be sold and achieved the highest sales numbers in this new field of activity.

As the pandemic highlighted the importance of sustainability, Anadolu Hayat Emeklilik published its first Sustainability Report that described the Company's activities on the sustainability front.





FINANCE

Anadolu Sigorta

➔ Leading establishment of the Turkish insurance sector

Anadolu Anonim Türk Sigorta Şirketi - one of the leading non-life insurance companies in Turkey - generated TL 10.7 billion worth of premiums as of year-end 2021.

The company had total assets of TL 16.1 billion and shareholder equity of TL 2.5 billion on a consolidated basis as of year-end 2021.

The Company was assigned a score of 9.55 in the Corporate Governance Rating Report issued in November 2021.

Anadolu Sigorta has been included in the BIST Sustainability Index since 1 October 2021 and is aiming to publish the Integrated Sustainability Report and issue a CDP Declaration in 2022.

Supporting sustainability through its products, Anadolu Sigorta introduced, the "Electrical Vehicle Insurance" product, providing coverage against all risks that vehicle insurance typically covers, in 2021 in line with the increasing number of electric and hybrid vehicles in Turkey.

In 2021, Anadolu Sigorta received many awards that demonstrate its brand value, innovative and pioneering approach to business, capabilities in digital transformation and the top-level customer experience. The company received the first place award in the "Future of Artificial Intelligence" category at the "IDC Turkey Digital Transformation Awards 2021" with its project titled "Calculation of Outstanding Claims Through Machine Learning" and also received the Golden Sardis Award in the "Best Mobile App" category at the Sardis Awards with its digital insurance service "Juno".



www.anadolusigorta.com.tr

İş Leasing

➔ Turkey's pioneering financial leasing company

As one of the pioneers of the leasing sector in Turkey since its foundation in 1988, İş Finansal Kiralama A.Ş. (İş Leasing) operates with the mission of prioritizing SMEs in its funding activities, developing and maintaining a large and high-quality portfolio, and meeting customer demands with effective, quick and high quality solutions.

İş Leasing had TL 20.3 billion in total assets and TL 2.1 billion in shareholder equity on a consolidated basis, while its leasing receivables amounted to TL 11.3 billion as of December 2021.

With the statement issued on 26 February 2021, the international credit rating agency Fitch Ratings assigned İş Leasing a long-term foreign currency rating of B+, a long-term local currency rating of B+, and a long-term national credit rating of A+(tur). The above-mentioned ratings were confirmed on 10 December 2021.

İş Leasing aims to be a part of the solution in the combat against all environmental and social problems facing the world today, including climate change. Accordingly, the company introduced the Environmental and Social Risk Governance System (ESRG) Project. Displaying İş Leasing's approach to sustainability, this project also defines the governance mechanisms and all necessary processes put in place to manage the company's environmental and social impact. İş Leasing is committed to continue its sustainability-driven activities at full pace as a pioneering company in the sector.

İş Leasing's corporate governance rating score has increased from 9.21 out of 10 in December 2020 to 9.29 in December 2021.



www.isleasing.com.tr

Moka

All shares of Moka Ödeme Kuruluşu Anonim Şirketi, a payment services company, were purchased in January 2021, and the company's name was later changed to Moka Ödeme ve Elektronik Para Kuruluşu A.Ş. in November 2021.



www.moka.com

Millî Reasürans

➔ Uninterrupted reinsurance services since 1929

Established in 1929 and having undertaken an important role in the formation and development of the Turkish insurance sector, Millî Reasürans T.A.Ş. (Millî Reasürans) has total assets worth TL 21.8 billion and shareholder equity worth TL 4 billion on a consolidated basis as of year-end 2021.

Millî Reasürans has a branch operating in Singapore in line with the Company's strategy to export its know-how and reinsurance experience acquired in the national market to global markets. As of year-end 2021, premiums generated internationally accounted for 26% of the Company's total premiums.

The financial strength rating of Millî Reasürans was revised as "B" in July 2021 by A.M. Best, the world's most prestigious rating institution in the insurance sector. The Company's national credit rating assigned by Standard & Poor's was affirmed as "tr A+" in December 2021.



www.millire.com

İş Faktoring

➔ An innovative approach to the accounts receivable factoring sector

Being one of the pioneering companies in the sector since its incorporation in 1993 with its robust financial structure and customer-oriented approach to business, İş Faktoring A.Ş. (İş Faktoring) has been offering quick and competitive services in the areas of finance, guarantees and collections.

As of year-end 2021, İş Faktoring has TL 6.9 billion in total assets and TL 634 million in shareholder equity.



www.isfaktoring.com.tr

İş GYO

➔ One of Turkey's largest real estate investment trusts

Being one of the sector's leading actors with its solid portfolio and financial structure, İş Gayrimenkul Yatırım Ortaklığı A.Ş. (İş GYO) focuses on maintaining and developing a diversified and well-balanced portfolio.

As of year-end 2021, the Company's total assets amounted to TL 6.7 billion, and its shareholder equity totaled TL 5.5 billion.

Based on the review conducted by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. in August 2021, the Company's Long-Term National (TR) and Short-Term National (TR) ratings were affirmed as AA and A1+, respectively, with a stable outlook assigned to both, and thus the Company was assessed within the investment category.

İş GYO decided to develop a residential and office project in Üsküdar Altunizade and began the construction work in November 2021. Meanwhile, sales of the Topkapı İnstanbul project was completed in 2021. All of the 16 villas offered for sale in the Ömerli Kasaba project in early 2021 were sold.



www.isgyo.com.tr

İş Yatırım

➔ A leading and pioneering investment house in capital markets

İş Yatırım Menkul Değerler A.Ş. (İş Yatırım) offers brokerage services in domestic and international capital markets, investment advisory, and corporate finance services. Being one of the 6 publicly-traded brokerage houses in the sector, the Company is the only brokerage house in Turkey traded on BIST 100.

Having long-term and short-term national credit ratings of "AAA" and "A1+", respectively, as affirmed by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. on 24 September 2021 with a stable outlook, İş Yatırım had TL 14.2 billion in total assets and TL 2.8 billion in shareholder equity on a consolidated basis as of December 2021.

İş Yatırım stands out in the sector with its outstanding return on equity and the remarkable increase in its market value.



www.isyatirim.com.tr



FINANCE

İş Portföy

The customer portfolio of İş Portföy Yönetimi A.Ş. (İş Asset Management) mainly consists of corporate customers such as investment funds, pension funds, venture capital funds, real estate funds, insurance companies and foundations. Pension funds managed by İş Asset Management include Anadolu Hayat and Axa Hayat funds.

The size of the managed portfolio amounted to TL 94 billion as of year-end 2021, with the real estate investment fund and venture capital investment fund reaching TL 2.8 billion and TL 1.3 billion in size, respectively.

Being one of the first portfolio management companies to set up a venture capital fund in the sector, it offers its participants a successful return performance.

There is an exponential increase in global interest in thematic funds with a portfolio that consists of investment instruments based on specific themes such as environmental, social and corporate governance, sustainability, clean energy and digitalization. Defining 2021 as the "Year of Transformation", İş Asset Management has gone beyond classical approaches when developing its investment strategies, focusing on "Thematic Investment Funds" that display rapid growth and have an investment strategy based on the transformations in business models, industries, economies or social norms. İş Asset Management divided its Thematic Funds into two main groups: "Technology" and "Environmental, Social and Corporate Governance". The Company offers the ability to invest in rapidly growing global sectors such as Block Chain Technologies, Cyber Security Technologies, Digital Gaming, and Semi-Conductor Technologies. When it comes to the environmental, social and corporate governance theme, the İş Asset Management Tema Variable Fund, the İş Asset Management Electric Vehicles Mixed Fund, and the İş Asset Management Women's Equity Fund, which promotes gender equality in business life and offers the opportunity to invest in companies that give importance to the employment of women, are the first of their kinds. İş Asset Management is one of the pioneering companies in the portfolio management sector in the thematic and renewable energy area with the İş Asset Management Electric Vehicles Mixed Fund, İş Asset Management Renewable Energy Mixed Fund, İş Asset Management Renewable Energy Venture Capital Investment Fund and İş Asset Management Infrastructure Venture Capital Investment Fund, all set up and managed by the Company.



www.isportfoy.com.tr

SOFTWARE

Softtech

➔ Experienced solution partner in information technologies

Established in İstanbul in 2006, Softtech is the largest software company in Turkey, with more than 1,600 employees and total assets close to TL 310 million. Besides its experience in the banking and finance sector, Softtech develops customer-oriented solutions in the domestic and international markets with products in diverse fields and takes initiatives aimed at creating new opportunities and collaborations with a focus on technology. Aside from its offices in Ankara and Cyprus the Company has subsidiaries at the heart of the startup ecosystem, in İstanbul, San Francisco, Shanghai and Frankfurt to monitor, develop and invest in innovation on-site.



www.softtech.com.tr

HEALTH

Bayek

Bayındır Healthcare Group (Bayek), a group of companies operating in the healthcare sector with 3 hospitals, 1 medical center and 6 dental clinics, offers quality healthcare services in İstanbul, Ankara and İzmir with its expert staff and robust technological infrastructure.

Bayek is the first organization in Turkey to be issued accreditation certificates regarding quality management for its two hospitals simultaneously by the Joint Commission International (JCI), and was re-accredited by JCI for the sixth time in November 2021.



www.bayindirhastanesi.com.tr

GLASS

Şişecam

➔ The founder and the unchanging leader of the Turkish glass industry

Founded in 1935, Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam) has a broad portfolio of products, especially flat glass, glassware, glass packaging and chemicals, mainly soda ash and chromium chemicals.

The Şişecam Group carries out production in facilities and plants located in Turkey as well as in the USA, Egypt, Russia, Georgia, Bulgaria, Bosnia-Herzegovina, Italy, Ukraine, Romania, Germany, Hungary, Slovakia and India.

Having produced 45% of the total glass output outside Turkey (as measured on a tonnage basis) and generated 66% of total sales revenues from facilities based abroad and exports from Turkey as of year-end 2021, the Şişecam Group's exports to more than 150 countries amounted to USD 814 million as of year-end 2021.

Positioned as one of the world's and Europe's leading companies in the industry, the Şişecam Group was ranked between second and fifth in the world and first to fifth in Europe, in terms of production capacity in glass manufacturing as of December 2021.

Ranking fourth in Europe and second in the world in terms of soda production capacity, the Group is the world leader in the production of basic chromium sulphate and ranks second in the production of sodium bichromate.

As of year-end 2021, Şişecam had TL 88.7 billion in total consolidated assets and TL 49.4 billion in shareholder equity.

In its review dated 3 December 2021, Fitch assigned Şişecam a long-term foreign currency credit rating of "BB-" and revised its outlook from "stable" to "negative". Moody's, on the other hand, maintained the Company's long-term foreign currency rating of "B2" and its "negative" outlook on 24 November 2021. The Company's Corporate Governance Rating Score was 9.55 in December 2021.

Türkiye Şişe ve Cam Fabrikaları A.Ş. ranked 18th in the ISO Turkey's Top 500 Industrial Enterprises list for 2020.

In addition to the natural soda investment in the U.S. in partnership with Ciner Group as announced in 2019, Şişecam Group also decided to acquire 60% of Ciner Group's soda operations in the U.S. in 2021. Accordingly, the approval processes for the acquisition of 60% of the shares of Ciner Resources Corporation – a Ciner Group company – 60% of the shares of Atlantic Soda LLC and 10% of the shares of Pacific Soda LLC by Sisecam Chemicals USA Inc. were completed, and transfer of the shares took place on 21.12.2021. Upon completion of the natural soda plant investments, Şişecam is expected to become one of the world's largest soda ash producers.

Şişecam has decided to invest in two new flat glass product lines in Turkey to address the demand for architectural glass and automotive glass products, and the Company will also establish a new glass packaging factory in Hungary to capitalize on opportunities in the European glass packaging market.

Şişecam Group has combined its superior R&D capacity with its production strength to develop a special coating technology that neutralizes viruses and bacteria on glass surfaces. Paşabahçe's V-Block product range, manufactured using the Antimicrobial V-Block Technology that prevents harmful organisms from remaining on glass surfaces, were introduced into the Turkish market in early February before it was subsequently released for sales in international markets.

Şişecam has decided to invest in Basalia Technology, a groundbreaking solution in the green and circular economy space developed to turn any kind of waste into value-added products and to support research & development projects in this area.



www.sisecam.com.tr



PLATFORM

Topkapı

With its marketplace model bringing together firms of any size operating in Turkey, Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş. aims to contribute to the development of the online shopping sector in Turkey, offer an improved customer experience supported with next-generation, secure payment solutions by processing customer data, and develop business models that can create maximum stakeholder value.

In addition to its payment system solutions, the company also owns the Pazarama platform, which is designed to introduce a unique and innovative approach to the e-commerce sector for all stakeholders.



www.topkapidanismanlik.com.tr

TELECOMUNICATION

İşNet

As a result of its strategy for growth in Cloud, Cyber Security and Managed Services, İşNet began to offer Private Cloud, Managed Cloud and Managed Cyber Security services to the leading enterprises in the finance sector in 2021. İşNet closely monitors global technologies and local regulations and is currently continuing its business and product development activities that will drive growth by addressing the industry needs.

NETTECAP, a member of İşNet's e-Document family of products, allows users to scan e-Document / 5000-30000 Invoices and End-of-Day Reports, transfer such documents into computer systems by uploading their photographs or XML files and read the information contained in such documents with the OCR (Optical Character Recognition) technology in order to convert them into meaningful accounting data. As a result of this process cash register receipts and paper invoices are digitized, accounting processes were accelerated by approximately 40%, and environmental benefit was achieved by reducing paper copies.



www.isnet.net.tr

FACILITY MANAGEMENT

İşmer

With the "ISO Integrated Management System Project", for which the procedural work began in 2021 and the certification work will be completed in early 2022, İş Merkezleri Yönetim ve İşletim A.Ş. aims to monitor the ISO 45001 Occupational Health and Safety Standard, ISO 41001 Facility Management Standard, ISO 9001 Quality Management Standard and ISO 14001 Environmental Management Standard under single framework.

As a result of this project; by analyzing the customer demands in accordance with the predefined processes in the facilities managed and operated, the production and the periodically revision of the right services based on customer needs will be provided and the processes having potential for improvement will be evaluated.



www.ismer.com.tr

Flawless Customer Experience

İşbank endeavors to become a reliable partner that all customers can access when required and find easy to work with. In line with its strategy of being "the closest bank to customers", the Bank reviews all its systems and processes by looking at them from a customer-experience point of view.

Customer Experience

İşbank continuously improves its business processes and customer journey experience for more than 20 million customers. The Bank's goal is to create a world in which customer journeys are simplified, all transactions are rendered user-friendly, and personalized experiences are offered, and to provide guidance to the customers in this world.

In 2021, customer experience across all branches and digital channels was measured. Feedback from these measurements was utilized by İşbank to offer its customers even better services. Next-generation analytical capabilities were acquired to improve the service experience on digital channels that have become customers' primary touch point and to offer real-time contextual suggestions and guidance to customers on all digital channels, especially İşCep - İşbank's mobile app.

For this purpose, analyses based on behavioral data on customers were conducted, and more than 45 million interactions were created in 2021. While correct suggestions and guidance were offered to customers in times of need through these interactions, solutions were created for smooth completion of transactions in challenging situations. Customers submitted 1 million product applications, and 502 thousand accounts were successfully opened. Customers were provided with guidance to ensure that more than 3 million transactions could be seamlessly performed via digital channels.

The number of error messages encountered by customers while carrying out transactions via digital channels is periodically monitored. Improvement actions are planned to eliminate common errors and simplify the content of error messages. Additionally, action is taken to clarify what customers need to avoid a given error, depending on the type of transaction in question.

In the field of Private Banking, the number of customers that the Bank contacted increased compared to previous years, due to meetings held on digital platforms under ongoing pandemic conditions in 2021.

İşbank Private Banking offered its customers various arts and sports events throughout 2021, depending on their taste and preferences.

In the current year, it was even more important to correctly identify and address customer expectations and needs, retain managed wealth of customers during a period of volatile market conditions, and increase assets by introducing the right investment instruments. In the present conjuncture, effective management of their portfolio with different investment alternatives and a tailored service model positively impacted the customer experience.

Customer Feedback

İşbank collects customer feedback from multiple channels. Applications transmitted to the Bank by customers via channels such as the corporate website (www.isbank.com.tr), Internet Branch, İşCep, call center, branches, e-mail, fax, letter, official institutions and organizations, and social media are recorded and evaluated as part of the Customer Relationship Program, and efforts are made to meet the related customer demands or find solutions as quickly as possible.

Customers' demands and complaints on social media and other online platforms are also closely monitored.

In 2021, İşbank received 656 thousand feedback responses from various channels, and 88.7% of this feedback, i.e. feedback remaining after excluding duplicate and non-response applications, was addressed through the Customer Relationship Program.



Furthermore, as per legislation, the number of applications as submitted by financial consumers in the form of written/ verbal objections or complaints that involve issues, damages or dissatisfaction with the individual products and services as well as the breakdown of such applications on a per subject basis and the associated resolution times are reported to the BRSA every 3 months; this data is also submitted to the Banks Association of Turkey (BAT) at the same time. The data submitted by banks is then consolidated by the BAT and communicated to the member banks every 3 months. The cumulative number of complaints received by İşbank during the first three quarters of 2021 is 208,574, and the Bank ranks 3rd among member banks of the BAT.

In 2021, İşbank Call Center received 20 million calls and has held the EN ISO 15838 "Call Communication Centers Standard" Certificate since 2011.

Customer Satisfaction

Working with the aim of unconditional customer satisfaction, İşbank monitors customer satisfaction levels throughout the year via numerous channels and different methods.

İşbank's customer satisfaction and Net Promoter Score (NPS) are compared with peer banks through independent research companies.

In 2021, İşbank **ranked first in terms of Retail and Commercial NPS** among the private banks that were taken as a reference.

The Bank's Net Promoter Score (NPS) in Personal Banking was 37, 33, 59 and 72 and the Bank's NPS in Commercial Banking was 56, 43, 46 and 79 in 2018, 2019, 2020 and 2021 respectively.

In order to increase customer satisfaction, tailor-made researches are carried out by using the internet branch exit survey, telephone survey and kiosk survey in addition to receiving services from a research company, and actions are taken to improve the customer experience based on the answers received from the surveys. Satisfaction measurement surveys are conducted not only via digital channels and e-mail/SMS, but also physically via kiosks and photoblocks in branches. Measurement surveys are designed to collect feedback by displaying questionnaires to customers at the end of their transactions, including customer journeys, single transactions and workflows which result in an error.

Over 3 million customer feedback responses have been obtained so far in digital measurement studies. In 2021, İşCep Net Promoter Score was 62.1, the Retail Internet Branch Satisfaction Score was 84%, the Commercial Internet Branch Satisfaction Score was 82%, and the Bankamatik ATM Satisfaction Score was 86.6%. As a result of the measurement studies carried out via branch kiosks over the past 4 years, it has been determined that branch satisfaction has increased. The satisfaction score based on this feedback was measured as 73% in 2018, 74% in 2019, 78% in 2020 and 82% in 2021.

SME and Enterprise Banking conducted multiple surveys in 2021 in order to analyze customer needs and offer them better services to improve the customer experience and journey. The Bank conducts a series of systematically organized surveys and researches covering all life stages of customers, including the Analysis of the Needs of Tradesmen and SMEs and Jargon Research conducted with the KONDA research company, Lapsed/Lost Customer Survey and Potential Customer Researches conducted with the Nielsen Research Company as well as the New Customer Surveys and Loyal Customer Surveys conducted in-house without using external service providers. A "Welcome" survey is conducted with the newly acquired real person tradespeople/businesses and SME customers to monitor their level of satisfaction with the Bank's services.

82%
Branch Satisfaction Score

84%
Personal Internet Branch Satisfaction Score

82%
Commercial Internet Branch Satisfaction Score

Customers' expectations regarding private banking services are monitored through frequent analysis of competitors. Additionally, at private banking service outlets where customer expectations of high-quality services are met at the highest level, product feedback is collected from target customer groups about our products and services via the Bank personnel who know the customers personally. These types of feedback are utilized during the development and delivery of new products/services.

Applications sent to the Customer Demands Solution Division via the CRP (Customer Relations Platform) and can be resolved by the Division using the screens and applications available to them, are replied to without requiring any additional information or evaluation, while applications related to areas of activity of other Divisions are re-directed to the Head Office Divisions. Frequent applications are answered by the Customer Demands Solution Division using the workflows and pre-defined texts created by related divisions.

Every 3 months, the Bank draws up a report about the breakdown and trend of the customer demands and complaints received by the Bank and submits the report to the Board of Directors. During the preparation of this report, information is requested from various Head Office Divisions about the actions that they took to reduce complaints and improve customer experience during the 3-month period in question.

Between June and December 2021, 8,737 surveys were conducted via e-mail through Pisano, while 753 questionnaires were completed by customers via phone.

Based on survey results, the issues encountered by customers while using channels are remotely detected, customers are provided with proactive support, and action is taken to quickly resolve issues in order to increase customer satisfaction. Conversations are monitored for quality evaluation purposes and feedback is given to customer representatives about the areas for improvement, if any.

Customer satisfaction surveys conducted during the Bank's incoming and outgoing calls yielded a score of 4.79 and 4.74 out of 5 for 2020 and 2021, respectively.

Informing Customers

As per its responsible banking policies, İşbank offers its customers accurate and up-to-date information via different channels and platforms.

Customer information channels

- » New products and services to be made available to customers via digital channels are shared with the İşbank Phone Banking teams to be announced to customer representatives to prepare them for potential customer inquiries before such products and services are delivered.
- » New products and features to be added to İşCep are explained in the description field for the related version in the app store.
- » Guidance messages are displayed to customers in digital channels.
- » Videos are posted about the Bank's products, campaigns and services in the Stories section of İşCep.
- » The Bank's corporate website provides detailed information about the digital channels, transaction sets and security practices.
- » Communication campaigns such as mailing, advertisement and announcement are carried out to inform customers about digital channels.
- » Regarding the potential errors or problems encountered in digital channels, the customer relations service and the call center are immediately notified to ensure that proper guidance is provided and that the errors and problems are re-directed to the related divisions.
- » Private banking customers are given information by the bank employees in person about products, services and investment alternatives. The customers can also get detailed information about products and services by visiting privia.com.tr.
- » SME and Enterprise Banking customers are provided with up-to-date information about products and services through various channels including İşCep, the corporate website, corporate social media accounts, Maximum İşyerim application, İŞ'TE KOBİ website, ATMs, e-mail and SMS
- » QR Codes are included in printed brochures, posters, gazette and magazine adverts to ensure that customers can access detailed information about the product in question by visiting the corporate website.
- » In addition to the application instructions used for providing information to customers at branches, İşbank also publishes all the details needed about its products via its corporate website isbank.com.tr.

In 2021, the Bank did not incur any penalty due to noncompliance with regulations on customer information requirements.



RESPONSIBLE PRODUCTS AND SERVICES

As part of its responsible banking practices, İşbank develops products and services that encompass all segments of society, support savings awareness and promote financial literacy.

Developing products that not only take into account the different life stages, economic needs and sectoral requirements of customers, but that are also easy to understand and support savings awareness is the basis of İşbank's understanding of delivering responsible products and services. To this end, İşbank's regulations set out the steps to be taken in order to identify, monitor, control, report and manage the risks that could arise in connection with the Bank's products, services or activities. Any product, service or activity is evaluated to determine if it affects the Bank's risk profile and submitted to the Internal Systems Divisions for a risk-control-compliance analysis. If there are changes that could affect a product, service or activity's risk profile, related divisions may, when necessary, request the risk-control-compliance analysis to be re-conducted before the product, service or activity is made available for use.

During the master plan studies for 2022, in order to ensure any product, service or activity to be developed is evaluated from a sustainability point of view, an article has been added to the development request document that allows the Bank to question a product's environmental and social benefits or whether the product is in line with or supports the Bank's sustainability activities.

Products and Services for Increasing Awareness on Savings

As per its incorporation mission, İşbank aims to spread an awareness of savings to every segment of society. İşbank maintained its position as the bank with the largest deposit base among private banks in 2021 as well. Total deposits grew by 61.5% in 2021, reaching a total size of TL 595.6 billion at the end of the year.

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Üstü Kalsın (Keep the Change)

The Üstü Kalsın (Keep the Change) application transfers the difference created by the customers rounding their credit card debt to a higher amount of their choice to be deposited into an investment savings account. As of year-end 2021, the number of investors using the application reached 121 thousand, with a total fund size of TL 79 million.



Digital Moneybox

The Classic İşbank moneybox was developed as a Digital Moneybox that allows those under the age of 18 to save money through digital channels and was introduced to new generations. Money transfers can be easily made to the Digital Moneybox via İşCep, and these amounts are saved in the Moneybox Time Deposit Account. The number of Digital Moneybox users approached 17 thousand as of the end of December 2021, and the total balance of the Moneybox Time Deposit Accounts has exceeded TL 18 million.



Moneybox Hybrid Fund

The Moneybox Hybrid Fund is a fund with a "saving" purpose that enables making investment in the future of children today. Being the first investment fund developed for children, the Moneybox Hybrid Fund ranks first among similar funds in the sector in terms of number of investors. The number of investors of the Moneybox Hybrid Fund reached 155 thousand as of the end of 2021.



Gold Banking

The Gold Account, which is a demand deposit account that allows the accumulation of gold in centigrams, makes it easier to buy and sell gold from digital contact points 24 hours a day, 7 days a week. İşbank customers can also earn interest income in grams of gold by opening a Time Deposit Gold Account for their savings in gold.

Gold Meetings are held at the branches aimed at transferring the so-called "under the mattress savings" to the banking sector. Gold or jewelry items brought by customers are assessed by gold experts and deposited into the Demand Gold Account in grams of gold. Thus, customers secure their valuable jewelry against the risk of loss and theft.



Investment Insurance for My Child

Investment Insurance for My Child is a product that you can use to cover the education expenses of your children or to support them better while starting life. The product allows you to save in TL, USD or Euro, while offering benefits such as discounts in contracted health institutions and tax advantages. The total balance of the Investment Insurance for My Child savings accounts was TL 24 million as of the end of 2021.



Robofon

With İşbank Robofon Consultancy service, everyone who wants to save money is provided with fund consultancy, making it easier to make investment decisions in line with their risk preferences. The Investor Profiling Module of the Robofon Consultant, made available by İşbank at İşCep and the Internet Branch, analyzes the investor's financial situation and needs and determines their risk perception. Thanks to this service, offered to everyone who wants to save even with small amounts, it is easier for investors to make savings and investment decisions by finding the most suitable fund from the Robofon Family managed with İş Asset Management's expertise. Fund consultancy services were successfully provided in 2021, as well, and the total number of customers completing the investor profile questionnaire and receiving fund advice exceeded 180 thousand.



İşCep Personal Finance Management

The İşCep Personal Finance Management service, which allows customers to view their assets in Anadolu Hayat Emeklilik and İş Yatırım as well as their assets in the Bank and to conveniently control their financial transactions by accessing details of the transactions performed with their cards and accounts, makes it easier for customers to direct their savings while keeping their payments and spending under control.



Maximum Time Deposit Account

With İşbank's Maximum Time Deposit Account, individual customers who want to invest their savings in the short term can secure their automatic payments and earn overnight interest on their deposits. The total assets held in Maximum Time Deposit Accounts reached TL 1 billion as of year-end 2021.



Accumulating Young Account

The Accumulating Young Account product, which encourages customers aged between 18 and 26 years to save and provides an additional contribution to their savings with an award interest rate if they reach their target amount of savings, has also been integrated with the Anadolu Hayat Emeklilik Young Pension Plan to register them in the private pension system. The total size of assets held in Accumulating Young Accounts reached TL 1.5 million as of year-end 2021.



Daily Earning Account

The Daily Earning Account product, which can be opened via İşCep or the Internet Branch, offers customers the opportunity to increase their savings on a daily basis at any time without having to wait for long periods or having to deposit large amounts of money. The total balance of Daily Earning Accounts was TL 8.6 billion at the end of 2021.



Exchange Rate-Protected Deposit Account

The "Exchange Rate-Protected Deposit Account", which was announced to the general public on 21.12.2021 via a Press Release published by the Ministry of Treasury and Finance and via the "Communiqué on Encouraging Conversion of FX Deposits to TL Time Deposit and Participation Accounts" published in the Official Gazette dated 21.12.2021 by the Central Bank of the Republic of Turkey (CBRT), was made available to customers on 23.12.2021 in the form of 2 different products: "FX-Protected TL Time Deposit Account for Customers Converting from FX" and "FX-Protected TL Time Deposit Account". Another type of account, i.e. FX-Protected TL Time Deposit Account for Customers Converting from Gold, has also been introduced in accordance with the additional regulation issued on 07.01.2022 by the CBRT. Legal persons domiciled in Turkey began to be able to open an "FX-Protected TL Time Deposit Account for Customers Converting from FX" and "FX-Protected TL Time Deposit Account for Customers Converting from Gold" on 12.01.2022 at İşbank branches.

İşbank also made the "FX-Protected TL Time Deposit Account" and the "FX-Protected TL Time Deposit Account for Customers Converting from FX" available via the mobile banking app İşCep starting on 21.01.2022 and 29.01.2022, respectively. Total Balance of FX-Protected Time Deposit Accounts was TL 6.1 billion at the end of 2021. İşbank also made the "FX-Protected TL Time Deposit Account" and the "FX-Protected TL Time Deposit Account for Customers Converting from FX" available via the personal İşCep channel starting on 21.01.2022 and 29.01.2022, respectively.

Total Balance of FX-Protected Time Deposit Accounts was TL 6.1 billion at the end of 2021.



Tailor Made "Private Funds"

In 2021, to increase the size of assets managed under Private Banking as part of the agency-based strategic collaboration established between İşbank and its subsidiary İş Portföy Yönetimi A.Ş. (İş Asset Management), "Private Funds" which are created and tailored according to the customer's needs have become more important.

The investor profile for these funds includes investors with a high level of financial literacy, who request professional management of their assets and want to make the right risk/return choices with the help of expert staff. The Bank aims to monitor savings under a corporate framework and manage the portfolio as part of a Private Banking loyalty program for many years by transferring the investments to future generations.



FINANCIAL INCLUSION

İşbank aims to increase and ensure fair distribution of social welfare by developing products and services for all segments of society.

SME BANKING

İŞ'TE KOBİ

The İŞ'TE KOBİ website, which has provided SMEs with quick access to the sectoral information and news they need since 2009, is available at www.istekobi.com.tr.

The website includes content for visitors from the tradespeople, entrepreneur, farmer and women entrepreneur segments in addition to SMEs.

The İŞ'TE KOBİ website ensures that companies have digital access to training programs on many different subjects such as e-commerce, entrepreneurship, and technology and directly contributes to their digitalization by offering applications and solutions to improve their business.

Digital Anatolia

The Digital Anatolia meetings, which began to be co-held by İşbank and TÜR KONFED in 2018, continued in 2021 as well after the meetings were moved to online platforms in 2021 due to the pandemic. With the online events attended by experts and senior managers from leading companies in the sector, valuable broadcasts were made that focused on digitalization and sustainability for SMEs.

A total of 10 broadcasts in 2021 reached approximately 10,000 individual viewers. After the live broadcasts, recordings of the events were uploaded to Youtube to ensure that they can reach even more people as a comprehensive archive to help SMEs with their digitalization.

DijiKolay

DijiKolay was launched in 2021 to address the expectations and needs of SME and Business segment customers regarding "digitalization" with a holistic approach, bringing together solutions that include the products, services and applications of digital service providers, and the Bank's existing digital transformation campaigns and services in a single location. In 2022, the Bank will work towards enriching the products and services included in DijiKolay, making DijiKolay a "live service" that addresses customer expectations and thus contributes to the digitalization efforts of the Bank's customers and firms in the sector, managing customer experience in a positive manner and acquiring new customers.

Collaboration with KOSGEB

İşbank contributes to SMEs' access to financing and supports tradespeople in areas affected by natural disasters via support programs co-executed with the General Directorate of KOSGEB (Small and Medium Enterprises Development Organization of Turkey). As part of its natural disaster relief programs, the Bank signed İstanbul İkitelli Organized Industrial Zone Emergency Support Loan Protocols that covered İzmir, Trabzon's Yomra district, Edirne, Artvin, Düzce and Rize provinces, the West and Mid-Black Sea Region provinces, and Van's districts affected by floods and forest fires in 2021. As part of these support packages, a total of TL 32.1 million was lent in 216 individual loans. Additionally, in 2021, the Bank continued to offer loans under the "KOSGEB SME Finance Support Program Protocol" signed in 2019, lending TL 91.4 million through 1,509 individual loans.

INCLUSIVE SUPPORT LOANS

Access to Inclusive Finance Project

Under the Loan Agreement for the Inclusive Access to Finance Project signed by and between Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) (Industrial Development Bank of Turkey) and the International Bank for Reconstruction and Development (IBRD), USD 40 million was provided to the regions adversely affected by the refugee influx and to the SMEs that support women's employment in 2021 through the funds received by İşbank from TSKB.

Exporter Card & Maximiles TİM Exporter Card

İşbank launched the "Exporter Card" in 2016, a first in the industry for exporting SMEs. With this card, export companies both benefit from all the features of company credit cards and earn MaxiPoints from the export transactions that they carry out through İşbank. Owners of "Maximiles TİM Exporters Card" - a business credit card developed in 2020 in collaboration with the Turkish Exporters Assembly (TİM) - will be able to use their MaxiPoints, earned via their export transactions through İşbank, as MaxiMiles in flight ticket purchases and benefit from many other special advantages.

The number of Exporter Cards and Maximiles TİM Exporter Cards increased from 6,720 at the end of 2020 to 8,648 at the end of 2021.

As of year-end 2021, the total amount of financing provided to SMEs in cash and non-cash loans reached TL 135.7 billion.

Protocol with the Turkish Exporters Assembly (TİM)

With the Exporter Support Loan signed by and between İşbank and the Turkish Exporters Assembly (TİM), attractive loan rates were offered to exporters through various types of loans such as the "Women Entrepreneur Export Support Loan" and the "Fair Participation Export Loan". The Bank provided USD 73.4 million worth of funds to exporters under this protocol from the effective date of this protocol to the end of 2021.

EBRD - COVID-19 Solidarity Loan

As part of a loan agreement signed by and between İşbank and the European Bank for Reconstruction and Development (EBRD), İşbank was granted resources worth USD 54 million to lend to its customers in order to help alleviate some of the economic hardships caused by the COVID-19 pandemic. Each firm that met the loan package criteria could benefit from the COVID-19 Solidarity Loan to borrow a maximum of USD 100 thousand or equivalent amount in Euro or TL.

Treasury-backed CGF-guaranteed "Breath" Loan

The Union of Chambers and Commodity Exchanges of Turkey, Kredi Garanti Fonu A.Ş. (Credit Guarantee Fund, CGF) and the Bank signed a protocol for the "2021 Breath Loan". Under this protocol, real persons and legal entities that met the SME criteria and were members of the chambers and exchanges (e.g. any of the Commerce and Industry Chambers or any Commerce, Industry or Maritime Commerce chamber or any Commerce Exchange) affiliated with TOBB were given the opportunity to borrow loans with a 18-month term, including a 6-month grace period and the subsequent 12-month repayment period. Depending on the size of the borrowers, loans up to TL 200 thousand per customer were granted with a guarantee rate of 90% provided by KGF A.Ş. Approx. TL 500 million was lent under the protocol.



SUPPORT TO AGRICULTURE SECTOR AND FARMERS

- The agriculture industry is one of the vital industries for sustainable development. İşbank supports the efforts toward increasing agricultural productivity through projects that reflect its digitalization strategy for the agricultural industry. Thanks to the recommendations given to farmers as well as the data obtained from 30 agricultural monitoring and forecast tools granted to them under the Digital Agriculture project led in collaboration with Vodafone Business, use of input materials including agricultural fertilizers, pesticides and water was reduced, productivity was increased, and environmental waste was reduced. According to the initial results obtained from the agricultural monitoring and forecast tools which began to be used under the project, farmers gained an additional economic benefit of TL 57 million from 27 tools through reduction in use of input materials and increased productivity thanks to the early warnings as well as recommendations sent to 13,200 farmers on irrigation, fertilization and use of pesticides. The Digital Agricultural Loan, launched to ensure widespread use of the agricultural monitoring and forecast devices, continued to be offered.
- Thanks to the "İmeceMobil" application, which can be downloaded free of charge, financial literacy and income-expense tracking support is provided to farmers, and farmers can make İmece Card and agricultural loan applications without going to a branch. In addition, satellite services and expert-assisted special services available for use in the İmeceMobil application enable farmers to monitor the condition of their lands and the health of their crops. The application also prevents excessive fertilization that pollutes the environment by offering fertilization suggestions and helps farmers avoid incorrect irrigation practices by making irrigation suggestions to reduce use of water, which allows them to keep costs under control and achieve better crop yields.
- During the pandemic, support loan campaigns with eased collateral requirements were organized.
- In October 2021, end-to-end agriculture loans (Instant Agricultural Loan) were lent via digital channels, which is a first in the industry, and 1,264 farmers borrowed this loan within 3 months.
- The documentary "Tarım İçin Su" (Water for Agriculture), which was created to increase awareness of water management and sustainability in agriculture, was broadcast on various TV channels and social media platforms.
- The total number of farmer customers of İşbank was 356 thousand as of year-end 2021, and 169 thousand customers borrowed agricultural loans.

GENDER EQUALITY IN THE ECONOMY: SUPPORTING WOMEN ENTREPRENEURS

- İşbank believes that sustainable development is to be achieved by increasing women's participation in the economy and women's employment rate. To this end, the Bank increasingly uses both its own resources and foreign funds to support female enterprises.
- **Women Entrepreneur Loan**
- İşbank offers financing support up to TL 500 thousand to tradeswomen who want to grow their business, companies 51% of the shares of which are held by a female partner, companies that have at least one female senior executive and companies 20% of the shares of which are held by female shareholders. As of year-end 2021, the Bank provided TL 6.5 billion in financial support to more than 42 women entrepreneurs.
- **Women's Power in Entrepreneurship with TÜRKONFED**
- İşbank launched WeLead Project in collaboration with TÜRKONFED to identify the current status and needs of women entrepreneurs throughout Turkey, regardless of their sector, and then to develop business for women producers and support their efforts to keep up with the rapid digitalization of the world. Through WeLead Project initiated as part of a contract entered into with TÜRKONFED in 2021, the Bank will carry out various activities in 2022 and 2023 as well to help them keep up with digitalization and develop networks with active organizations in the market, and support them with mentorship and training programs.
- **Women's Banking**
- In order to increase the number of women in its customer portfolio and improve women's business relations with İşbank, the Bank carries out activities according to a roadmap that the Bank created based on the expectations and needs of its women customers, monitored by the Bank's personal business division, regarding the financial products and services. The Women Banking program, which is still in development, will review the existing processes, products and services of the Bank and align them with women customers, deliver various value propositions and make our services more accessible.

➤ **Women Entrepreneurs and Young Entrepreneurs Export Support Loan with Turk Eximbank**

İşbank provided financial support to women and young entrepreneurs through the "Women Entrepreneurs Export Support Loan" and "Young Entrepreneurs Export Support Loan" products under the protocol entered into with Turk Eximbank in order to increase participation of women and young entrepreneurs in export activities.

➤ **Arya Women Investment Platform**

With the Arya Investment Preparation Acceleration Program, organized in May 2021 as part of the collaboration between İşbank and the Arya Women Investment Platform, 19 women entrepreneurs went through a 5-week training and mentorship program to get ready to meet investors.

At the semi-final event with 51 women participating, entrepreneurs delivered their investor presentations and graduated from the program. In October, a 3-day Arya Retreat event was held in Bodrum with the participation of 81 women investors and investor candidates who had the opportunity to meet the finalist entrepreneurs. After completion of the presentations delivered to the jury and investors, 3 entrepreneurship projects received awards.

Besides meeting with the investors, entrepreneurs also benefited from eye-opening workshops, had the opportunity to network and collaborate with each other and listen to the inspiring stories from successful business people from Turkey and other countries.

The first of the Arya Workshops training program series designed to contribute to the management skills of women entrepreneurs was held both as a physical and virtual event in December 2021 with 77 female participants.

39 women entrepreneurs also benefited from the Arya Challenge Club Membership which offers them the chance to learn from each other as well as other networking possibilities, the Arya Membership which provides members with various advantages such as free participation in events, and the Arya Shopping Festival which allows the women entrepreneurs to increase their awareness.

➤ **"İş Asset Management Women Equity Fund"**

The "İş Asset Management Women Equity Fund", focused on the theme of equal inclusion of women in business life, was offered to investors on International Women's Day 8 March 2021 in collaboration between the Bank's subsidiary İş Asset Management and the Koç University Center for Gender Studies (KOÇ-KAM). The Fund will invest in equity shares of domestic companies that employ women on an equal basis and attaches importance to ensuring women hold management positions. Half of the revenue generated by the Fund will be allocated to the studies with KOÇ-KAM and scholars in order to improve women studies and empower female leadership.

When selecting companies to be included in the fund, various criteria are taken into consideration such as having at least one female board member, having women in decision-making positions, and providing other public information content generated under the KOÇ-KAM consultancy. Domestic equity shares of companies that meet at least two of the above criteria can be included in the pool of equities that the Fund can invest in. The criteria defined by KOÇ-KAM include having a female employment rate above the mean female employment rate in Turkey, caring for a balanced private-business life, embracing gender equality and equal pay policies, adopting a fair approach in recruitment processes and supporting social gender equality projects. The Bank will donate 50% of the fund management income from the Fund to the "KOÇ KAM UNESCO Chair - İşbank Women Studies and Women Leadership" Scholarship Program.

LIFE STAGE BANKING

İşbank desires to maintain a lifelong service relationship with its customers. Therefore, the Bank develops banking service packages that include the products needed for every stage of life, taking into account the expectations in different stages of life such as childhood, youth, working life and retirement.



ENABLED BANKING

➤ İşbank endeavors to ensure that all of its service areas are suited to disabled users. Verbal and visual directional aids, tactile paving, wheelchair ramps (where physical circumstances permit) and Bankamatik ATMs suited for use by disabled customers are available at our branches.

471

Number of branches suitable for use by visually impaired customers

Continuous physical and software improvements, such as headphones, tactile surfaces, and use of SMS messages, are made to all of İşbank's Bankamatik ATMs to make sure that they are suited for use by disabled people.

İşbank ensures that there is at least one Bankamatik ATM that is suited for use by orthopedically impaired people in each province where it has orthopedically impaired customers, while the number of ATMs with a headphone jack is being gradually increased. Additionally, customers' suggestions and requests regarding the installation of new Bankamatik ATMs or upgrading existing ones so they are accessible by disabled people are carefully evaluated, and the necessary action is taken. The Bank is working to make sure there is at least one Bankamatik ATM in every province that is accessible by orthopedically impaired customers.

Special staff members are employed at İşbank's Call Center to allow hearing-impaired customers to receive services at the Bank's branches by communicating via video call. The Bank aims to increase the number of branches and Bankamatik ATMs that are suited for use by disabled customers in 2022.

In addition to these, İşbank also develops digital solutions for its disabled customers. The İşCep IOS application supports Voice Over, while the Android application supports TalkBack features. With the Dynamic type feature, text sizes in İşCep can be adjusted according to personal preferences. İşbank's corporate website is compatible with Jaws.

The "Enabled Banking" page has been added to our corporate website isbank.com.tr to provide the necessary directions for our disabled customers to easily carry out their transactions. For hearing-impaired customers, a translation plugin has been added to the "Enabled Banking" and "Help" pages which translates content into sign language.

In 2021, customers were able to communicate with a customer representative to receive service through the İşCep App. Customers who, while messaging or talking with Maxi, state that they would like to speak to a customer representative are transferred to a Call Center customer representative so they can complete their transactions by messaging with them via the live messaging application.

➤ Eye Brand Certification

BlindLook is a firm that, with its voice-focused technology, allows any product or service to be freely accessible by visually-impaired people, and cares for them and creates blind-friendly brands. The firm's Eye Brand certification is a global certificate that documents inclusive services offered by blind-friendly brands. The BlindLook's voice-focused accessibility technology that makes products and services accessible by the visually-impaired works in parallel to screen reader programs for them and acts as a narrator on our website by reading out the text content of the images. Before İşbank began collaborating with Blindlook, blind users tested the Bank's different websites. Then they gave feedback about the problems they encountered when using the Bank's tested websites and re-tested the websites after the problems were fixed within 3 weeks. The websites that passed the 2nd test are eligible to receive the "Eye Brand" badge. This badge shows that the website is blind friendly. The websites maximiles.com.tr and maximumgenc.com.tr have passed these tests and received the "Eye Brand" badge. The "Eye Brand" badge is displayed in the footer section of the websites. The certification process for the Bank's corporate website isbank.com.tr is underway, and the badge will be displayed on the home page after it is received.

FINANCIAL LITERACY

Increased financial literacy within society enables customers to make the right decisions regarding their financial assets and increases trust in the financial sector.

İşbank aims to increase the level of financial literacy of every segment of society and every customer from each segment.

Therefore;

Blog posts and training content are published on the İŞ'TE KOBİ website, www.istekobi.com.tr, in order to improve the financial literacy of tradespeople, women entrepreneurs, SMEs, entrepreneurs and farmers. Additionally, the İŞ'TE KOBİ website also includes a specific area where visitors can ask questions and receive answers from experts about various topics such as taxation processes, how to incorporate a new company, and benefits for women entrepreneurs.

Under the Women's Banking program, which is still under development, campaigns and collaborations have been planned to help improve financial literacy among women.

With WeLeadDProject initiated as part of a contract entered into with TÜRKONFED in 2021, the Bank will carry out various activities in 2022 and 2023 as well to help them keep up with digitalization and develop networks with active organizations in the market, and support them with programs such as mentorship and training.

İşbank and the Arya Women Investment Platform have been jointly organizing a series of training modules, i.e. Arya Workshops, since 2018. This series of training modules offers women financial literacy training free of charge.

Local farmer meetings were held to help them with digitalization and improve their financial literacy. In 2021, a total of 1,861 farmers attended 16 meetings. Additionally, with the "İmeceMobil" application, which can be downloaded free of charge, financial literacy support is provided to farmers.

Economic Research

İşbank's Economic Research Division monitors and reports on cyclical and structural developments in both the national and global economy. In addition to daily, weekly and monthly periodicals in which the domestic and global economic developments are evaluated, essential data related to Turkey's economy is analyzed and published on the website ekonomi.isbank.com.tr. The website, which provides free subscription services, has approximately 15,500 subscribers as of the end of 2021.

The Division shared a total of 17 publications in 2021, including six "Bulletin of Current Developments in Sectors", seven sector reports and four research notes. During the year, the Division drew up the "Sectoral Expectations for 2021" and published the weekly-updated "Course of Consumption Expenditures Per Sector".

The Economic Research Division also prepares periodic reports on macroeconomic developments on a daily, weekly and monthly basis. These include "Daily Market Bulletin", "Weekly Bulletin" and "Monthly Economic Review". Additionally, "Data Analyses" reports, including Economic Growth, Inflation Developments, Budget Balance and Balance of Payments, are published on the website on a monthly basis.

A total of

1,861

farmers attended

16 meetings.



RESPONSIBLE MARKETING

One of the key expectations of customers in the finance sector, which has complex transactions and processes, is to get accurate and easy-to-understand information from organizations about their products and services.

İşbank takes it as a responsibility to provide its customers with consistently accurate, reliable, open and transparent information about its products and services. With a customer-oriented approach, the Bank offers its customers information that facilitates their decision-making process, meets their requirements and does not mislead them.

The Bank makes investments to develop the skills of those employees who, directly or indirectly, offer customers such information in this area.

As per its Ethical Principles and Code of Conduct, İşbank carries out all of its activities in accordance with the legislation and the Bank's regulations.

İşbank endeavors to understand all needs and demands of its customers and provide them with information about possible risks and benefits in an accurate and complete manner. İşbank does not share misleading information with its customers, carries out its activities in a safe manner, complies with legal regulations, and offers innovative products that meet customers' needs to ensure continuity of customer relations. The Bank handles all complaints and suggestions from its customers with utmost care and sensitivity to achieve customer satisfaction by coming up with appropriate and pertinent solutions.

İşbank communicates with its customers in an open, simple and complete manner, avoiding misleading, complex, contradictory or repetitive expressions. The Bank provides its customers with information about their next transactions as well as the fee and commission rates and amounts applicable to each transaction in accordance with the Banking legislation.

Human Rights and Social Impact Evaluations in Investment and Loan Activities

Besides environmental impact, İşbank also considers social impact in its investment and loan appraisals, and demands implementation of certain practices to mitigate affirmative social impacts, if any.

The environmental and social risk assessment model which is used by İşbank during environmental and social risk evaluation processes includes a wide range of variables associated with human rights and social impact, such as child and forced labor, public health, occupational health and safety, working conditions, OHS management systems, forced displacement, loss of livelihoods, stakeholder communication, gender equality, sexual harassment, and discrimination.

"Public Participation Meetings" are held in all projects as a minimum within the scope of local EIA. Additional stakeholder communication meetings and corporate social responsibility activities are carried out in all investment loans that is subject to environmental and social risk evaluation within the framework of international standards.

Investments that are to be financed by the Bank and evaluated the risk score A (high risk) based on the Environmental and Social Risk Evaluation model are subject to a social impact evaluation, including a human rights impact evaluation, in accordance with the requirements of international standards.

For major infrastructure investments to be financed by İşbank, the necessary actions are taken to account the social benefit of the society and manage the possible negative impact of such investments through social impact evaluations. Social responsibility budgets are set aside in projects to improve their positive impact to the benefit of the stakeholders affected by the projects.

The most common impacts of financed investments include loss of livelihood and forced displacement due to the acquisition of land. For a project that is subject to financing at international standards, individuals and groups affected by the project are identified and classified through the "Resettlement Action Plan" and "Livelihood Restoration Plan", and appropriate actions are determined and committed to eliminate impacts.

Within the scope of highway projects studies, social responsibility projects such as renovation and reconstruction of the roads, schools and water lines of the villages on the highway routes, as well as donating agricultural machinery to be offered to the common use of the villages whose incomes are based on agricultural activities, providing seed support, providing art development trainings for female stakeholders, supporting education with certain budgets annually, have been established.





We Take Responsibility for Climate Action

"While news" of floods - caused by extreme temperatures and forest fires, and cloudbursts - come from worldwide, new records regarding weather events are breaking every day.

The city of Zhengzhou in China was devastated by a record-breaking downpour on a single day in July which was equal to the total amount of annual rainfall. Forest fires starting in many regions around the world, from Siberia to the coastlines in the Mediterranean, affected a larger area this year compared to previous years. Many forest fires and flood events occurred in Turkey during the summer season.. With the marine mucilage surfacing in the Marmara Sea, the effects of the climate crisis became more evident.

Global warming of 1.5°C means increased heat waves, longer warm seasons and shorter cold seasons. Furthermore, global warming of 2 °C means that we will reach critical tolerance thresholds for agriculture and health. Since increased temperatures will affect the water cycle, we will see more intense rainfall, floods and droughts in many regions around the world. As the sea level continues to rise, coastlines will be exposed to more frequent and severe flooding and erosion.

Increased number of extreme weather events causes concern as they reduce the predictability.

The Intergovernmental Panel on Climate Change (IPCC) report published in 2021 shows that some effects of the climate crisis have now become irreversible. General Secretary of the United Nations (UN) describes the report as "code red for humanity".

However, many global developments also suggest that the negative effects of climate change are still at a manageable level. Following the UN Climate Conference "COP26" in 2021, the "Glasgow Climate Pact" agreed by 197 countries, has officially recognized the goal of reducing global carbon emissions by 45% by 2030. The decision was taken to double the amount of funds provided by developed countries to developing countries to ensure the adaptation to climate change. Developed countries have reiterated their goal to provide USD 100 billion of climate finance per year by 2025 to achieve climate resiliency.

Material Issues

- Responsible Finance and Investment Integrating ESG Criteria
- Combating Climate Change

Related Capital Elements



Risks

- Existing financial solutions proving to be ineffective as a result of changes in the way of doing business and risk matrix across many sectors due to global warming
- Compliance challenges encountered by customers during the transition to a green economy
- Infrastructure deficiencies of organizations for a transition economy

Opportunities

- Contribution to a green and sustainable economy and combating climate change through effective ESG risk management
- Possibility to reach new customers as a reliable partner in the transition to a green economy
- Ability to access new global fund sources that promote a transition economy

Contributed SDGs



KEY PERFORMANCE INDICATORS

	2019	2020	2021
Field visits made as part of environmental and social risk evaluation	22	1	5
Number of financed projects subjected to environmental and social risk evaluation	13	7	9
Sum of financing provided for projects subjected to environmental and social risk evaluation (million USD)	395	365	331
Amount of clean energy (million MWh) generated by financed renewable energy projects	21,9	24,9	32.3
Total installed power (MW) of renewable energy projects financed by İşbank	262	1,950	1,008
Share of renewable energy projects in the total energy projects portfolio (%)	67.3	69.5	71
Carbon Disclosure Project (CDP) Climate Change Report	C	A-	B
Carbon Disclosure Project (CDP) Water Safety Report	-	-	C

TARGETS

Targets for 2021	Realization in 2021	Realization	Targets for 2022 and Beyond
The Bank will continue working to increase the share of renewable energy projects in the total energy generation projects portfolio. In 2021, it is anticipated that 100% of the loans to be allocated for new energy plant investments will be used for renewable energy projects.	100%	✓	100%
In 2021, the Bank will create its report as per the Task Force on Climate-related Financial Disclosures (TCFD). İşbank aims to improve reporting on climate change-linked risks and opportunities in order to achieve a better approach to corporate governance and risks.	The Bank is still continuing its activities on this front.		The target is planned to be preserved.



Technical actions required to achieve the targets set by the Paris Agreement were defined. A decision has been made to terminate using inefficient fossil fuels gradually.

The first step is to achieve a significant, quick and continuous reduction in greenhouse gas emissions and to reach to net zero emissions of CO2. Such action will provide a quick restoration in the air quality and a balanced global temperatures in 20 to 30 years. Experts recommend investing in early warning systems, a climate-resistant economy and infrastructure as a robust way of adapting to climate change. For this purpose, public and private sector collaboration and green innovation are required. A large portion of global CO2 emissions originates from the energy sector. Therefore, it's important to move toward sources of renewable energy in order to limit the impact of climate change. It appears that private sector investments in renewable energy sources have significantly increased, and the share of electricity generated from renewable energy sources is rising with the help of the support given in recent years. Renewable energy sources account for 53% of the total installed power in Turkey as of year-end 2021.

İşbank supports the transition to a low-carbon economy.

The Bank analyzes the risks and opportunities associated with the transition economy and gradually increases the number of products and services that support a green economy. As of year-end 2021, renewable energy projects make up 71% of the total number of energy generation projects. İşbank has not participated in financing any new coal-fired thermal power plant investment since 2015. The fact that the Bank will not lend "Loans for financing greenfield investments of coal- and natural gas-fired thermal power plants" has been announced in 2020 by adding these types of loans to the Exclusion List included in the annex to the İşbank's Environmental and Social Impacts Policy.

İşbank discloses how it manages its emissions and its exposure to climate risks to all stakeholders through its Climate Change Disclosure Report under the Carbon Disclosure Project (CDP).

İşbank works to achieve inclusive and environmentally friendly growth and will continue to closely monitor the risks and opportunities associated with climate change in the years ahead and maintain and improve its activities and commitment in this area.



MANAGEMENT of CLIMATE CHANGE RISKS

İşbank meticulously evaluates the risks and opportunities associated with climate change. The Bank worked together with an independent consultancy firm to measure and assess the risks and to establish a risk governance structure across the Bank. Based on this joint work, climate change risks have been added to the risk catalogue, which is the Bank's guiding document for risk management activities, as a risk group, with descriptions and examples of the related risk sub-groups.

Additionally, the Bank's governance organization has been created with the description of roles and responsibilities regarding management of climate change risks, and the documents "Climate Change Risk Policy" and "Methodology and Implementation Principles Regarding Measurement of Climate Change Risk" have been drawn up and approved by the Board of Directors.

İşbank follows a 4-stage path to manage climate risks:

1- IDENTIFYING SUSTAINABILITY PRIORITIES:

Sustainability focus areas are identified, and the risks and opportunities in these areas are evaluated on the basis of business units through comprehensive assessments and stakeholder conversations.



For detailed information about how Sustainability Priorities are identified, see page 33

2- ENVIRONMENTAL and SOCIAL RISK ASSESSMENT MODEL:

All new investment projects to be financed by İşbank with an investment amount of more than USD 10 million are evaluated using the Environmental and Social Risk Evaluation Tool (ÇESMOD). Projects within this scope are subject to environmental and social risk assessment, and a risk score is determined as a result of this assessment. If the risk of a project is determined to be high, an environmental and social action plan is established in cooperation with the customer to eliminate or mitigate the identified effects, and the follow-up of these actions is provided under the supervision of independent consultants, when necessary.

For details, see Environmental and Social Risk Management in Loans

3- PROCESS of IDENTIFYING CLIMATE RISKS:

As a finance organization focused on lending loans, İşbank's greatest climate-related risks are associated with its loan portfolio. İşbank prepares a long list of potential risks and opportunities by conducting a detailed review of literature and trend analyses. This evaluation comprises reliable data sources such as publications of international rating organizations (traditional and ESG-driven), the Sustainability Accounting Standards Board (SASB) and think tank publications as well as reports published by industry forums and development banks. Key risks and opportunities on sectoral basis are identified based on the findings. This sectoral perspective is then merged with the inputs of İşbank's experts. Besides additional data points, expert inputs (e.g. official GHG emission data under the UNFCC) are also used to check the results.

4- PROCESS of IDENTIFYING OPPORTUNITIES RELATED to CLIMATE CHANGE:

During this process, İşbank employs a similar methodology as with the process of identifying risks. Opportunities related to climate change are associated with the loan portfolio of the Bank rather than its operations. İşbank conducts regular reviews of the national and international climate agenda, investment plans and sector activities. İşbank views green bonds, green infrastructure finance, green loans/mortgages, green insurance products and resilient products and services as the areas with the biggest potential opportunities.



Within the scope of the Climate Change Risk Management Project, the actions foreseen to be implemented by the end of 2022 for the opportunities arising from climate change have been defined. Efforts are underway to determine the responsibilities and roadmaps for these initiatives, including enhancing product and financing opportunities that will support the transition to a low-carbon economy, and increasing access to sustainable fund resources.

İşbank takes into account all risks (including transition risks and physical risks and the subcategories thereof) arising from climate change at the corporate level. These risks are prioritized and evaluated based on a qualitative and quantitative assessment. As part of the prioritization process, the Bank defines significant financial impact at the transaction and portfolio level by taking three criteria into consideration:



**1. CUSTOMER-RELATED RISKS
QUALITATIVE EVALUATION THRESHOLD:**

İşbank evaluates each customer sub-sector with a scale of 1 to 5 in order to identify their exposure to climate risks. Sub-sectors with a risk score of 4 (medium high) or 5 (high) are considered to pose a significant risk to our business. The results are summarized with a heat map that shows high-risk sectors and the loan risk balance in these sectors.



**2. CUSTOMER-RELATED RISKS
QUANTITATIVE EVALUATION THRESHOLD:**

İşbank adopts the scenario analysis approach of UNEP-FI in quantitative evaluation. With the scenario analysis, the potential impact of climate risk events such as the implementation of possible carbon taxes or emissions trading systems are evaluated by applying stress testing for the financial operations of companies in selected sectors. An increase in expected credit loss (ECL) above a certain threshold, as calculated based on stressed financials, is accepted as a significant impact.



**3. RISKS DIRECTLY ASSOCIATED
WITH OPERATIONS**


İşbank may be exposed to climate-related losses and downtimes in direct connection with its operations. The Bank evaluates and manages its operations accordingly. Climate risks which may result in costs above a certain threshold are accepted as risks that have a significant impact.

İşbank has added the indicator "Share of Sectors With High Climate Change Risk Within Total Commercial Portfolio" to the solo risk appetite framework to prevent the concentration increases of the sectors that are highly exposed to climate change risks within the portfolio and to provide guidance for composition of the portfolio in subsequent periods.

İşbank closely monitors developments in global carbon markets. The Bank held meetings with foreign correspondent banks to discuss the applicability of carbon contracts in international markets to its customers. Accordingly, the Bank plans to develop studies on over-the-counter (OTC) derivative products.

İşbank evaluates and analyzes the effects of its commercial loan portfolio under Scope 3, Category 15 "Investment" by also estimating its total absolute emissions. İşbank's commercial loan portfolio accounted for 76.4% of its total loan portfolio and represented the majority of the loan allocation activities as of 2021.

The Bank also closely monitors the opportunities associated with a green economy and continuously improves its product portfolio in this area. The weight of products that support the green economy, such as İşbank Green Bond, Solar Loan by İşbank and TEMA Environmental Variable Fund in the Bank's product portfolio is increasing day by day.

 **See Products and Services Contributing to a Green Economy**

İşbank has been reporting since 2019 within the scope of the Carbon Disclosure Project (CDP) Climate Change Program which allows companies to report to investors how they manage their carbon emission processes, their activities to reduce carbon emissions, and how they manage their risks in this area. İşbank continues to expand the scope of the ISO 14001 Environmental Management System..

İşbank contributes to the efforts for increasing environmental awareness and the forestation activities in our country with many projects and activities in the field of environment.

 **We Take Responsibility for Future Generations**

ENVIRONMENTAL and SOCIAL RISK MANAGEMENT in LOANS

The banking sector's main responsibility for climate action is to take environmental and social impact factors into consideration during loan allocation processes. İşbank meticulously monitors the environmental, social and governance risks caused by its lending activities. The Bank supports multi-partner initiatives in the sector to increase knowledge in this area.

İşbank is one of the early signatories of Global Compact Turkey's Declaration on Sustainable Finance, which guarantees the inclusion of environmental and social risks as factors to be considered during loan allocation processes. İşbank is also a signatory of the United Nations Environment Program Finance Initiative (UNEP FI) Principles of Responsible Banking. As per this commitment, the Bank has begun conducting an impact analysis for its portfolio to review its environmental, social and governance impact.

By using the Environmental and Social Risk Evaluation Tool (ÇESMOD) which was developed within the framework of Bank's practices, İşbank evaluates all new investment projects with a total investment amount of more than USD 10 million that are under the authority of the Bank's Project Finance, Corporate Loans Underwriting and Commercial Loans Underwriting Divisions and the financing of which is participated in by the Bank. By identifying the categories of environmental and social risks associated with these type of loans, a road map is established to mitigate or eliminate the possible environmental and social impact of the investments.

The ERET model, which is used by İşbank since 2013 to evaluate the Environmental and Social Risk Score of investments, was replaced in 2021 with ÇESMOD (Environmental and Social Model), which is more in line with the international standards of risk measurement and can be tailored according to the type of investment, İşbank has begun to use this new model in 2022.

With the new ÇESMOD Model, E&S risk scores of the investments financed by the Bank are calculated with initial evaluations conducted with specific sets of questions based on the type of investment, e.g. new facility development, capacity expansion and/or additional facilities or refinancing/ procurement, followed by evaluations conducted with specific sets of questions based on the sector in question, e.g. mining, manufacturing, infrastructure, chemistry, energy and renewable energy.

Sets of questions based on type of investment and sector:

- EIA decisions, environmental permits, environmental and/or social impact evaluation,
- Natural preservation, critical habitat and ecosystem assessments,
- Seismic risk, use of natural resources,
- Waste management,
- Air, soil and water quality,
- Noise and dust
- Occupational health and safety, public health and safety,
- Management of chemicals,
- Involuntary displacement and stakeholder engagement

Factors such as those listed above, the scope of which is set out in the applicable laws and regulations, are evaluated and scored with the answers of the questions specifically developed based on the activities of the company being evaluated. Based on the answers given, the risk category of the project is determined, e.g. high (A), medium high (B+), medium low (B-) and low (C). Thus, a "Project Environmental and Social Evaluation Document" is prepared based on national and international legislation and good practices (e.g. IFC Performance Standards, EBRD Performance Requirements, Equator Principles), and the document is attached to the loan proposal documents which is submitted to the higher management for approval.

For all projects deemed eligible based on the evaluations conducted by the Sustainable Finance (SF) team, including but not limited to those projects which are classified by İşbank as high-risk (risk category A), an independent environmental consultant is assigned to act on behalf of the Bank. The independent environmental consultant conducts site visits and literature research to determine the current status of the project and its possible environmental and social impact. As a result of this work, an Environmental and Social Due Diligence (ESDD), which describes the current status and applicability of any permission / approval process regarding environmental obligations as well as the consultant's comments, and an Environmental and Social Action Plan (ESAP), which describes how to mitigate and eliminate these impacts and manage the process, are drawn up and submitted to the Bank.



For high-risk projects, an Environmental Impact Evaluation (EIA) Report, which includes additional and more detailed baseline studies, may be requested separately from the EIA application form prepared during the EIA process. Project companies are also demanded to prepare an Environmental and Social Management Plan (ESMP) for management of the risks and impact of their project and submit it to the Bank.

Additionally, both during construction phase and operation phase, environmental and social monitoring activities are carried out at agreed intervals regarding the factors (e.g. compliance with environmental legislation, waste management, emission measurements, soil and water analyses, impact on socio-economy, eco-system and habitat, compensation mechanisms, occupational health and safety practices) set out in the ESAP. Our Sustainable Finance (SF) team also participates in the monitoring activities conducted by the environmental consultant as part of field visits in person.

While risk categories are identified as part of the Environmental and Social Impact Evaluations conducted by İşbank, biodiversity risks are evaluated on a per-project basis. For projects which are determined as high risk category and present a number of biodiversity risks, consultants are also requested to prepare a Biodiversity Action Plan (BAP).

Due to the COVID-19 pandemic, investment monitoring of the investments mainly conducted in the form of a desktop assessments and the Bank's Sustainable Finance team participate monitoring activities via teleconference meetings joined by consultants and companies.

In all projects, "Public Participation Meetings" are held as a minimum within the scope of local EIA, and additional stakeholder communication meetings and corporate social responsibility activities are carried out in all financing in line with international standards.

In 2021, the SF team conducted field visits for 5 projects as part of environmental and social risk management. The number of investment projects subject to Environmental and Social Risk Evaluation is 15, 9 of which were financed by İşbank.

9
Number of projects financed under ERET

9 Number of projects financed under ÇESMOD Of these projects with a total amount of USD 331 million, 15.1% were classified in A, 75.4% in B+ and 9.5% in B- risk category on the basis of the loan amount.

USD 50.2 million within the scope of 2 projects with "A" risk category
USD 249.5 million within the scope of 5 projects with "B+" risk category
USD 31.3 million within the scope of 2 projects with "B-" risk category

As of year-end 2021, a total of 153 investments were subject to Environmental and Social Risk Evaluation, and 104 of them consist of investments that have been financed and are currently in open status. In 2021, no project was rejected due to the results of the Environmental and Social Risk Assessment (due to environmental and/or social reasons).

In the following period, İşbank is planning to conduct a separate evaluation for measuring the impact of climate change on a company's activities when evaluating environmental and social impact dimensions of investments and their climate impact.

Management of Water Risks

İşbank evaluates its commercial loan portfolio's exposure to water-related risks and opportunities. While evaluating loan applications, İşbank expects all of its customers to comply with the national regulations applicable to their commercial activities. These include regulations concerning water.

Furthermore, İşbank also evaluates potential environmental and social (E&S) impacts of the investment projects financed by the Bank. All projects are evaluated according to national laws and regulations, including the Regulation on Water Pollution Control, Regulation on Urban Waste Water Treatment, Regulation on Surface Water Quality and In all projects financed by İşbank, customers are required to comply with all applicable regulations. At İşbank, the potential ESG risks of all new investments are evaluated according to the ÇESMOD system. ÇESMOD consists of sets of questions which are sorted according to the type of financed investment, such as new facility development, capacity increase and/or additional facility or refinancing/procurement, and specifically prepared for 5 separate sectors (mining, production, infrastructure, chemistry, energy and renewable energy). Water-related risks examined through this model can be grouped under 3 main categories:

>

WATER RESOURCES

Negative effects on surface water and groundwater such as change in water temperatures, riverbed variation, important river crossings, maintaining environmental flow in hydroelectric power plants, use of groundwater, use of surface water or sea water as cooling water,

>

WASTEWATER

Generation of excessive amounts of wastewater by the project, the degree of pollution of the wastewater, the necessity to build a separate treatment plant to process wastewater from the plant, discharge to the sea (e.g. domestic wastewater, industrial wastewater)

>

CONSUMPTION OF RESOURCES

Dependency of the project on natural sources, the amount of water used (intensive use of water) are questioned.

In order to reduce the effects of water-related risks, İşbank expects project companies to measure water quality at intervals set out in applicable regulations before and after the project and to report on the use of water and resource efficiency.

Management of Forest Risks

İşbank evaluates its commercial loan portfolio's exposure to forest-related risks and opportunities;

Companies that use forest products as raw materials in their processes must comply with the provisions of national forest laws. In all projects financed by İşbank, customers are required to comply with national laws and regulations on forestry. İşbank evaluates potential E&S risks of projects according to the ÇESMOD methodology.

With the ÇESMOD methodology, critical habitat and sensitive areas (EIA Regulation, Annex-5) evaluation and balancing strategy studies are taken into consideration in order to conduct an assessment of forest-related risks. Based on these factors, İşbank considers the project's environmental impact in terms of deforestation and use of forests. For example, large scale highway projects are classified as high-risk (A) projects as they deforest a significant amount of land. İşbank requires project companies to take certain measures, such as re-locating trees around the project area to appropriate areas and/or planting trees in place of any tree deforestation, in order to mitigate negative impacts of the investment in sensitive areas.

İşbank created the Sustainable Bond Framework in 2020. Funds to be derived from this type of bond will be used for initiatives that can create a positive social impact and to finance green projects. Loans in this category which are associated with SDG 15 (Life on Land) will be allocated to finance certified organic farming activities as well as technologies that improve quality and productivity and allow effective use of natural resources.

Activities not financed

İşbank rejects any loan applications for activities on the İşbank Exclusion List, which the Bank names in the annex to its Environmental and Social Impacts Policy, without even taking them into consideration. Among activities not financed by the Bank are investments involving forced labor and child employment, the production of weapons of mass destruction and landmines, and the production and trading of internationally prohibited chemicals and drugs or substances that are harmful to the ozone layer. In 2020, loans for financing new greenfield investments of coal- and natural gas-fired thermal power plants to be established for electricity generation were added to the İşbank Exclusion List.

The Exclusion List is in the annex of the Environmental and Social Impacts Policy which is available on the [website](#).



PRODUCTS and SERVICES CONTRIBUTING to the GREEN ECONOMY

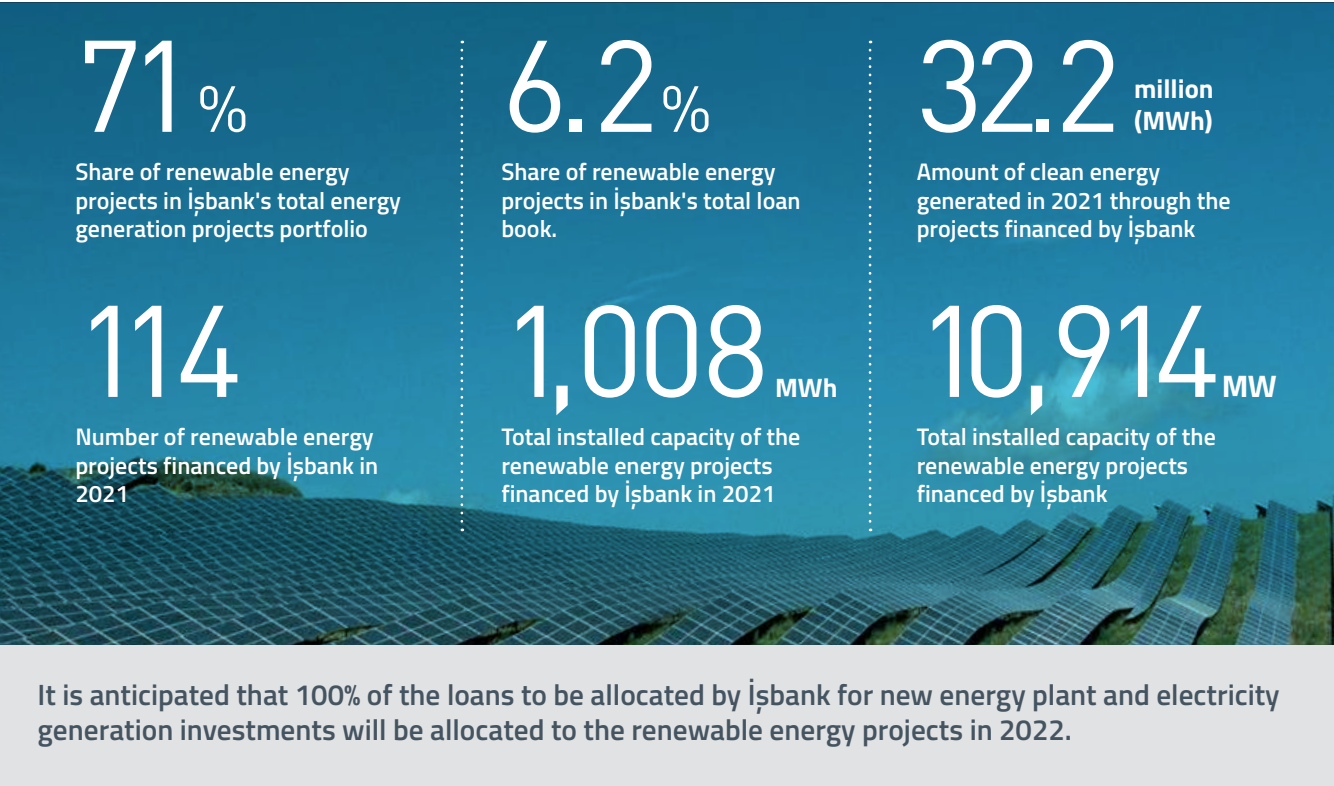
Financing Renewable Energy

Transition to renewable energy sources plays a key role in minimizing the negative effects of climate change on humans and the environment. Renewable energy investments, a key tool in the transition to a green economy, also provide significant economic benefits with the new employment areas that they create. It is essential that renewable energy investments and technologies must be supported to ensure an increase of using renewable sources in energy generation.

İşbank is one of the pioneering institutions in financing renewable energy projects in our country.

All of the new investment project loans provided by the Bank for electricity generation investments after 2015 has been allocated to renewable energy projects.

All of the new project financing provided by İşbank for the energy generation sector in 2021 consists of renewable energy projects, and the Bank will continue to finance renewable energy investments, including especially WPP and SPP projects, in 2022 and beyond. In line with its commitment to allocate 100% of its new investment loans for the energy generation sector to renewable energy investments, the Bank aims to increase the ratio of renewable energy loans to total electricity generation loans even more from its current level of 71%.



İŞBANK and ITS ACTIVITIES in 2021

Distribution of Renewable Energy Financing Provided in 2021

Type	Quantity	Total Installed Capacity (MW)	Total Installed Capacity (MW) (Financing Share Ratio Provided)	Cash Risk (USD million)	Non-Cash Risk (USD million)	Total Risk (Cash + Non-Cash) (USD million)
BES	3	9	9	8.3	0.1	8.4
GES	103	591	200	111.7	3.4	115.1
HES	3	192	49	7.8	4.7	12.5
RES	3	118	118	25	41.6	66.6
JES	2	98	63	29.9	0	29.9
TOTAL	114	1,008	439	182.7	49.8	232.5

Renewable Energy Investments Financed by İşbank

Type	Quantity	Total Installed Capacity (MW)	Cash Risk (USD million)	Non-Cash Risk (USD million)	Total Risk (Cash + Non-Cash) (USD)
BES	24	210	98.7	8	106.7
GES	598	782	366.4	27.9	394.3
HES	90	6,480	1,164.8	18.4	1,183.2
RES	52	2,443	264.4	389.4	653.8
JES	36	999	809.9	71.3	881.2
TOTAL	800	10.914	2.704,2	515	3,219,2

Amount of Energy Generated through the Renewable Energy Investments Financed by İşbank

Type (MWh)	Total Electricity Generated as of 2021	Total Electricity Generated as of 2021 (Financing Share Ratio Provided)
BES	1,441,829	1,359,506
GES	2,199,270	1,407,911
HES	15,395,182	6,326,220
RES	6,676,713	3,598,717
JES	6,539,237	3,205,229
TOTAL	32,252,231	15,897,583



Cooperation with International Financial Institutions for a Green Economy

İşbank has been obtaining medium-long-term, special-purpose financing from international financial institutions such as the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), Proparco, U.S. International Development Finance Corporation (DFC (formerly known as OPIC)) and the International Finance Corporation (IFC) in order to finance the sectors and activities that contribute to sustainability since 2008. Besides energy efficiency and renewable energy projects, these resources are also used to finance female entrepreneurs, SMEs, agricultural enterprises and businesses located in priority development regions.

The Bank also supports the economy by increasing awareness and efficiency in the use of resources through technical consultancy and training received from financial institutions.

Closely following developments in the field of sustainable finance, İşbank evaluates the new financing needs of its customers and continues to provide resources for projects that are feasible and comply with lending principles and environmental and social standards.



You can find the list of funds obtained by İşbank from international financial institutions and that were outstanding as of year-end 2021 in the **"Annexes"** section of the report.

İşbank Sustainable Finance Framework

İşbank has expanded the scope of the Sustainability Bond Framework in 2021 by including loan transactions and turned it into the Sustainable Finance Framework which will also cover green, social or sustainable loans transactions in addition to eurobond issuances. Funds obtained under the framework will be allocated to projects with a positive environmental impact in the areas of renewable energy, energy efficiency, recycling, organic agriculture, clean transportation, green buildings and circular economy, and to finance loans with a positive social impact, such as financing SMEs in underdeveloped regions and women entrepreneurs. The second party opinion was obtained for the Framework prepared in accordance with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines published by the International Capital Markets Association (ICMA) and the Green Loan Principles published by the Loan Market Association.

Geleceğ Orman (Forest for the Future)

Geleceğ Orman (Forest for the Future), which represents a new milestone in the collaboration between İşbank and the TEMA Foundation that has been in place since 2008, was made available for use by the Bank's customers in September 2021.

Geleceğ Orman (Forest for the Future) is a gamification application which rewards environmentally friendly banking activities such as opting to not receive printed bank statements or daily life activities such as using public transportation with carbon points, which, upon reaching a certain total target value, automatically results in the donation of a saplings to the TEMA foundation. With 85,200 users as of year-end 2021, Geleceğ Orman (Forest for the Future) is expected to reach 500 thousand people in 3 years, thereby aiming to gain nearly 1 million saplings to nature. According to the information from the TEMA Foundation, 30 thousand newly planted young trees are anticipated to absorb 36 thousand kg of CO₂ when they reach 10 years of age.

Green Mortgage

With the Green Loan product, which can be used for finance various environmentally friendly activities, such as post-insulation (thermal and water insulation) of existing buildings, installation of energy-efficient heating and cooling systems or replacement of old inefficient ones with more energy-efficient systems, replacement of durable goods for individual use with more energy-efficient ones and purchase of solar energy panels, it's aimed to increase energy savings and to finance the purchase of immovables with energy class "A" and "B". Whereas, a 0.5% loan allocation fee is charged to customers for standard consumer loans and mortgages, only half of that amount is charged to those customers who use Green Loan products for incentive purposes.

Solar Loan by İşbank

In line with its mission to be the pioneering and leading bank in the renewable energy sector, İşbank developed and introduced a new commercial loan to finance unlicensed rooftop solar power plants (SPPs) to be set up for self-consumption by industrial facilities in 2019. Solar Loan by İşbank is aimed at contributing to the development and widespread use of the "distributed generation" model, which

involves efficient, flexible and on-site generation of energy, and the efforts in transforming the generation of energy. In 2021, TL 25.6 million worth of Solar Loan by İşbank was lent.

Since the amended version of the Regulation on Unlicensed Electricity Generation which was adopted during the last quarter of 2021 has expanded the scope of roof- and facade-type SPPs by also permitting establishment of on-field SPPs whose production can be settled with its consumption, provided that it remains connected to the limited power of the consumption facility, field-type SPPs have also been included in the scope of Solar Loans by İşbank.

Energy Efficiency Loan

In 2021, the Bank organized a campaign specific to the Energy Efficiency Loan and discussed collaboration possibilities with specialized firms in this field. Any investment that is designed to reduce costs by increasing energy efficiency can apply for the loan, and the investment amount is determined based on a feasibility report that is drawn up by the authorized EEC (Energy Efficiency Consultancy) firm or 3rd party experts in cases where an EEC firm is not available. Loans can be extended in TL, USD or Euro with grace periods up to 1 year and maturities up to 10 years.





Marine Conservation Loan

İşbank created Marine Conservation Loan, the first of its kind in the sector in terms of its environmental impact, to provide financial support to customers that want to invest in or improve their existing wastewater treatment, wastewater recovery or ballast water treatment systems to prevent or reduce sea pollution incidents and preserve the seas. After its launch in the second half of 2021, TL 4 million has been lent under this loan product.

Green Vehicle Loan and Green Office Premises Loan

İşbank continues to offer the Green Commercial Vehicle Loan for environmentally friendly electric and hybrid vehicles with low energy costs which are becoming more mainstream each day all around the world as well as the Green Office Premises Loan for those customers that would like to purchase "green buildings" with Energy Performance Certificate (category A or B), LEED (category Gold or higher) or BREEAM (category Very Good and higher) certificates.

TL 179 million in green vehicle loans and TL 172.8 million in green office premises loans were lent in 2021.

Electric Vehicle Charging Station Installation Loan

İşbank has introduced the Electric Vehicle Charging Station Installation Loan to support widespread use of environmentally friendly electric and hybrid vehicles with low energy costs, contribute to the development of the electric vehicle sector, and help EV owners to easily access charging units.

Green Agriculture Support

With the irrigation campaign and Digital Agriculture Loan, İşbank offers attractive interest rates for customers that would like to invest in next-gen irrigation systems and digital agriculture stations.

Pressurized Irrigation Systems Loan

İşbank has signed a partnership and financing protocol with the Pressurized Irrigation Industrialists Association (BASUSAD) to ensure widespread use of modern irrigation systems and thus reduce water consumption. In order to support farmers and help them obtain water and energy savings, the Bank has developed the "Irrigation Calculation Tool", which allows farmers to calculate the required amount of investment based on their specific land, and also offers loans for pressurized irrigation systems to improve quality and productivity.

Maximum TEMA Card and Environmentally Friendly MaxiPara Card

A first in the industry, the Maximum TEMA Card enables the Bank to contribute to the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats (TEMA) via a participation share as calculated by the amount of shopping done by customers with this card.

For customers who would like to help preserve nature while shopping, the Bank offers the Maximum Tema Credit Card with gold card status, eligible for all the benefits and campaigns of a Maximum Card, and the Maximum Tema Company Credit Card for use in commercial purchases of goods and services as well as the Doğasever MaxiPara Card, which is a prepaid card.

Maximum TEMA Card is manufactured from environmentally friendly biodegradable card plastic. Raw materials obtained from FSC (Forest Stewardship Council)-certified producers are used in the printed materials of the card, without harming the ecological life. It is possible to apply for a TEMA Card via digital channels.

As of year-end 2021, there are >100 thousand Maximum Tema Credit Cards, >7,800 Maximum Tema Business Credit Cards and >1,500 prepaid Doğasever MaxiPara Cards.

TEMA Environmental Variable Fund

The TEMA Environmental Variable Fund is a pioneering product in the sector, developed to allow environmentally friendly investors to use their savings to promote environmental efforts. With the resources allocated from the Fund to the TEMA Foundation, financial support is provided for environmental projects. The fund, allocating part of its portfolio to invest in businesses which have effective environmental management systems in place, emphasizes that businesses which consider environmental impacts will achieve better financial results in the long term.

The environment is one of the key elements of the concept of sustainability, within the scope of its sensitivity to the environment, İşbank has supported the TEMA Foundation's Nature Education Programs with the funds that it gained from İş Asset Management Tema Variable Fund, the first-ever environmental fund in Turkey. Education activities under the program continued in 81 provinces of Turkey during the 2020-2021 education year, reaching more than 400 thousand children at pre-school and primary school age.

İş Asset Management Electric Vehicles Mixed Fund

Launched in 2018, this fund invests in shares and debt instruments of companies that manufacture electric vehicles and/or operate in a field that supports manufacturing of electric vehicles (e.g. replacement part manufacturing, vehicle technologies development, battery manufacturing, mining). The number of investors purchasing this fund reached 47 thousand as of year-end 2021.

İş Asset Management Renewable Energy Mixed Fund

Launched in March 2021, this fund invests in shares and debt instruments of companies that operate in the renewable energy field, and the number of investors exceeded 10 thousand by the end of the year.



We Take Responsibility for Next-Generation Banking

One of the significant effects of the COVID-19 pandemic on the banking sector is that digitalization, which was already a hot trend for a long time, has gained even more speed. Reduced face-to-face communication and closing down of the branches during the pandemic meant that customers who did not previously prefer digital channels have begun to use digital banking applications.

Another key development in next-gen banking, digitalization has allowed fintechs, i.e. start-ups in the finance sector, to emerge and develop products and services in parallel to traditional banks. The banking ecosystem is expanding with the vision of these new players. Traditional banks which support entrepreneurship in the field of fintechs can get significant competitive advantages.

With its strong digital banking competencies, İşbank aims to fully address its customers' needs for next-gen digital banking. The Bank creates a perfect and secure customer experience at all touchpoints employing digital technologies and analytical methods with an innovative approach. İşbank, which has been operating as an innovative bank for 97 years, supports the entrepreneurship ecosystem both in Turkey and abroad.

Material Issues

Dijital Digital Transformation ■ Cyber Security and Customer Privacy ■ Open Banking

Related Capital Elements

Intellectual Capital

Social-Relational Capital

Risks

- Cyber security risks increased with digitalization
- Management of reduced need for labor as a result of digitalization
- Failure to keep up with rapid economic and technological changes due to large corporate structure
- Losing touch with developments such as platform business models and sharing economy, which are essential components of the new economy

Opportunities

- Providing personalized products to customers with digital products and services and 24/7 accessibility
- Opportunity to establish more effective communication with customers thanks to digitalization of procedures
- Becoming a preferred institution in the eyes of stakeholders with data security investments
- Becoming an important actor of the new economy with the support provided to entrepreneurs
- Strengthening business strategies with partnerships in the field of fintech
- Fast decision making and implementation with agile business models

Contributed SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

KEY PERFORMANCE INDICATORS

	2019	2020	2021
Number of Bankamatik ATMs	6,506	6,521	6,476
Number of digital banking customers (million)	8.1	9.2	10.2
Number of mobile banking customers (million)	7.8	9	10
Share of digital channels in non-cash financial transactions (%)	84.6	92.1	94.6
Share of digital channels in sales (%)	40.1	57.5	62.7
Number of cardless transactions made from Bankamatik ATMs (million)	33.8	35.3	39.3
Amount of cardless transactions performed through Bankamatik ATMs (billion TL)	24.8	32.4	40.6
Paper consumption savings achieved by digitalization (pages)	40.4 million	71,2 million	64 milyon
Increase in the number of digital banking customers compared to the previous year (%)	12.5	13.6	11
Share of non-branch channels (%)	92.2	95.7	95.6
Number of users reached by Maxi (million)	4.8	5.7	6.7
Number of questions answered by Maxi (million)	18.9	33.3	49.1
Volume of end-to-end digital commercial loan disbursement through Instant Commercial Loan (million TL)	144	506	1,191
Successful Transactions Index for IT Critical Services (6-Sigma)	4,83	4.81	4.85
Number of technological entrepreneurs who were supported to enter the banking system	117	80	97
Number of campaigns aimed at promoting the products of technological entrepreneurs	7	4	16
Fines incurred due to data security breaches (TL)	0	350,000	150,000

TARGETS

Targets for 2021	Realization in 2021	Realization	Targets for 2022 and Beyond
It is aimed to increase the share of digital channels in total sales to above 63% and 76% by 2023.	The share of digital channels in total sales reached 62.7% in 2021.	✓	The Bank aims to increase this ratio to 66% in 2022 and 70% in 2023.
The Bank aims to increase the number of customers using digital banking channels to above 10 million by 2021 and 11.5 million by 2023.	The number of customers using digital banking channels reached 10.2 million in 2021.	✓	The Bank aims to increase this number to 11.5 million by 2023.
The number of technological entrepreneurs who will enter the banking system by 2023 is aimed to be over 100 every year.	97	⌚	The target is planned to be preserved until 2023.



DIGITAL BANKING

At İşbank, the primary goals of digital banking are to engage in contextual interaction with customers, offer personalized and innovative services and provide an end-to-end seamless experience.

In 2021, İşbank focused on the following in the field of digital banking:

- using digital technologies and analytics with an innovative approach to create a flawless and secure customer experience at all touchpoints,
- co-developing services with non-Bank stakeholders to ensure an end-to-end seamless experience within its vision to offer banking service anywhere, and deploying existing services outside İşbank's channels,
- supporting the entrepreneurship ecosystem through the Workup Entrepreneurship Program and collaborating with startups that will create value for the Bank, Group companies and customers, and realizing innovative business models through an open innovation approach,
- developing solutions and value propositions that will assist consumers and organizations in making healthy financial decisions,
- becoming companies' integrated business partner in commercial banking and the gateway for all personal customers to the digital world in retail banking,
- achieving a broad-based customer portfolio with the inclusion of unbanked customers and commercial establishments with limited access to financial services, while also expanding the customer portfolio,
- contributing to nature and the future by adopting new sustainability-driven practices across digital channels.

With Maximum Mobile, new developments occurred in the fields of digitalization and contactless payment in 2021. For example, credit card agreements began to be accepted via digital approval and the contactless payment function usage was rolled out. The total number of customers that activated the Maximum Mobile application was up by 22.2% year-over-year to 3.9 million at year-end 2021, whereas the number of 12-month active users increased by 10.7% to 2.1 million.

The number of downloads for the Maximum İşyerim application increased from 161,146 in 2020 to 230,131 at year-end 2021. Approximately 72 thousand İşbank customers logged into Maximum İşyerim and began to use the services of the app within the last 12 months.

Maxi, İşbank's personal banking assistant working with artificial intelligence and natural language processing technologies and offering one-to-one dialogue experience at digital contact locations, allows customers to carry out their transactions by talking or texting. Maxi interacted with 6.8 million customers and engaged in more than 51 million dialogues in 2021.

64 million pages
saved in paper consumption

230 thousand
downloads for Maximum İşyerim

2,1 million
Maximum Mobile app users

Paperless Banking

With the possibility to digitally approve credit card and debit card agreements, the ability to use the function to send Registered Electronic Mail (KEP) throughout the Bank, and the implementation of digital signature, the Bank achieved a total paper savings of 64 million pages, reduced the need for labor by 85 FTE (full-time equivalent) and obtained a TL 7.6 million reduction in paper costs in 2021.

As of year-end 2021, 5.4 million out of 6.9 million İşbank credit card holders receive only electronic copies of their credit card statements.

Based on an agreement entered into with the Tema Foundation, the Tema Foundation has undertaken to plant one young tree for every 100 kg of paper donated by İşbank. The Bank donated 129,017 kg of paper during March 2021 and February 2022, which means that 1,290 young trees will be planted for this period.

As part of the Call Center artificial intelligence integrations, Maxi instantly addresses refund claims of customers whose money is stuck in a Bankamatik ATM and has also begun to perform appropriate transactions for customers who would like to report lost or stolen cards. In line with the Bank's mission to serve its customers on a 24/7 basis with proactive solutions, customers whose money is stuck in a Bankamatik ATM are contacted by Maxi within seconds to instantly refund the amount in question. These developments have improved customer experience by helping them to get the services that they need much more quickly.

In 2021, the Bank began API development activities according to the standards published in preparation for compliance with the CBRT's open banking legislation. Even before this legislation was enacted, İşbank had already created a collaborative ecosystem by sharing its APIs with third parties that needed them in line with its vision of "Invisible Banking" and became a pioneering bank in the field of open banking. In 2021, 9 new APIs were developed, including functions such as credit card statements, invoice refunds and money transfers/EFT refund, and the total number of APIs reached 49. The total number of integrations via APIs reached 51 with the addition of 20 new integrations.

Developments in Payment Systems

In line with our sustainable and profitable growth strategy, we have continued to develop payment system products and services via collaborations in different sectors as part of our vision to offer banking services anywhere and deployed them across digital and/or physical channels in order to address the daily needs of our customers in 2021 as well. We have deployed the following projects and applications in the field acquiring (member merchants):

➔ **Delivery of Instant POS Service to Corporate Customers via Digital Channels and Digital Storage of Contracts:** As part of our efforts to maximize digitalization of member merchant processes, we began to accept applications for POS terminals from corporate customers, in addition to real person tradespeople, in March 2021. Therefore, member merchant application and allocation processes for corporate customers can now be completed without requiring them to visit the Bank's branches.

Content arrangements have been put in place so that customers will not be required to wet sign documents for member merchant applications that are received via İşÇep, Internet Banking and Maximum İşyerim apps. Thus, contracts electronically signed by customers will be accessible in the "My Contracts" menu under the "My Accounts" section of the İşÇep and Internet Banking apps or in the "My Contracts" menu of the Maximum İşyerim app.

➔ **Instant İmece POS Application:** Thanks to the developments carried out in May 2021 to digitalize member merchant applications, customers are now able to apply for and instantly get their İmece POS via İşÇep and Internet Banking.

➔ **Acceptance of İstanbulkart on İşbank's Physical POS Terminals and Maximum Mobil and Maximum İşyerim apps:** In March 2021, the Bank entered into a new collaboration with Belbim A.Ş. to introduce a new service which allows member merchants in different sectors to accept and collect payments from İstanbulkart on physical İşbank POS terminals and the Maximum İşyerim app. With the widest payment acceptance set in Turkey, İşbank has created a new area of use for İstanbulkart holders for their daily shopping and payment activities and has begun to offer card payment acceptance services to those people who do not have any Bank card but use İstanbulkart.

➔ **Acceptance of UnionPay QR Method on İşbank Physical POS Terminals:** As part of the agreement between İşbank and UnionPay International, the Maximum İşyerim app can accept QR payments via UnionPay's mobile app since 2020. Thanks to the developments in the payment acceptance methods introduced in 2021, Ingenico POS devices can accept payments in Euro, USD and TL via UnionPay QR code method.

➔ **POS'um Cepte App:** Contactless payment, which offers a quick and convenient payment method, has proved to be an important means to protect people from infectious diseases during pandemics. With the Maximum İşyerim app, it is now possible to turn an NFC-enabled Android mobile phone into a POS terminal for accepting contactless payments to help protect public health and facilitate payments with more economic tools. This new POS solution also enables PIN code entry via the on-screen keyboard of the phones or tablets used as a POS terminal for payment transactions above the contactless payment limit. Besides allowing small businesses and SMEs to benefit from an affordable solution for payment collection with credit or debit cards, this app, introduced in August 2021, is also expected to positively impact sales thanks to the secure, quick and convenient payment experience that it offers to customers.

➔ **Payment Collection with TR QR Code:** With İşbank's development projects regarding POS applications, it will be possible to create QR Codes in the "TR QR Code" format on physical POS terminals and Maximum İşyerim applications and all domestic customers of the Bank will be able to shop by using QR codes at İşbank POS terminals. With the FAST system, payments can be made by using a QR Code.



Additionally, starting from December 2021, it is now possible to do shopping and collect payments via FAST with TR QR Codes on İşbank physical POS terminals and the Maximum İşyerim application.

➔ **New Functions in Payment Collection via AliPay Wallet and WeChatPay Method:** Thanks to the collaboration dating back to 2019 between İşbank and Alipay, a payment platform with more than one billion wallet users operated by Ant Financial Services Group, an affiliate of China's e-commerce giant Alibaba, payments in USD and Euro via Alipay wallet can be accepted on the Bank's physical POS terminals and Maximum İşyerim application. On 09.03.2021, TL was also added to the list of currencies in which payments are accepted via Alipay wallets. This will allow Chinese tourists to experience shopping in Turkey with their local payment method.

Additionally, the WeChatPay payment method, which used to be accepted only on Ingenico model physical POS terminals, is now accepted on all Ingenico brand physical POS terminals and in all cash registry protocols, except for ÖKC and GMP3 protocols, and the Euro has been added as a payment currency.

POAŞ Dealer cards have begun to be produced digitally.

The ability to use Miles while shopping at certain stores has been expanded.

Digitalization and contactless payment projects and applications in the field of card issuing in 2021:

- Bankamatik cards began to be produced as cards with chips and contactless payment feature,
- With İşCep, credit cards can be used for payments on POS terminals with a QR Code,
- Newly printed credit cards which have not yet been delivered to the card holder can now be used for e-commerce transactions
- Credit card applications are now accepted via the "I Want to Become a Customer (MOI)" feature,
- Digital card statements are created for Bankamatik cards,
- Document control and digital approval practices are now more commonly used as part of credit card applications,

- There are now separate agreement processes for credit card and debit card products, and these agreements can now be accepted with digital approval,
- Maximiles Black Card, which allows customers to earn and use MaxiMiles from their shopping transactions at a higher rate based on their total assets at İşbank, is offered to upper segment customers within the customer portfolio,
- Development work to include pending debit card and MaxiPara card receivables in the instant collection system has been completed,
- Chip Expert and HCE Expert applications have been introduced within the Bank,
- Prepaid card infrastructure has been moved to a new system under Petra, and API development work has been completed,
- Payment via TR QR Code with credit cards, debit cards and prepaid cards is now available,
- Branches have started end-to-end allocation of business credit cards,
- İşbank card holders can now use İşCep and Internet Banking, in addition to Maximum Mobile, to communicate their spending chargebacks related to transactions done with their cards,
- Customers can now use their MaxiPoints more valuable at Pazarama.

Digital Loan Developments

The Bank has collaborated with vehicle listing websites, real estate listing websites and loan comparison websites in order to gain potential customers while they are looking for a house or vehicle at such digital platforms. Accordingly, the Bank's branches have begun to evaluate digital loan applications received from such websites. These initiatives contributed to diversification of our sales channels, reinforcing our competitiveness and increasing conversion rates on loan applications.

As of year-end 2021, 80% of consumer loans, including TL 24.2 billion worth of Instant Loans and TL 13.8 billion worth of Credit Ready, were lent as a result of applications via digital channels.

İş'te Limit practice, which is a credit limit that can be defined for personal customers without requiring them to visit the Bank's branches and covers all consumer loans, credit card and overdraft account products, and enables limit transfer

between these products, was launched on 31 May 2021. İş'te Limit customers can raise their allocated credit limit by reducing their credit card and overdraft account limits or by paying down their consumer loan debts in order to use such limit in other products. With İş'te Limit, a customer can use all of their allocated credit limit in the form of a consumer loan or a credit card within legal limits or an overdraft account up to 25% of the İş'te Limit credit limit, provided that the overdraft account limit does not exceed TL 50,000.

Digitalization in Branch Operations

In 2021, thanks to the panels developed under the Branch Workdesk project, it is now possible to monitor sales data on a per employee basis and to monitor employee targets and realization of targets and list Branch, Region and Bank sales performance rankings.

In order to digitalize and improve customer acquisition processes, in 2021, Real Person Merchants were also included in the scope of the digital approval process to allow them to digitally approve their Banking Services Contract (BSC). Additionally, as part of the I Want to Become a Customer (MOI) process, software developments have been completed to offer transportation of contracts via a Courier service so that people who do not have an NFC-enabled phone or have an NFC-enabled phone but receive an error during the process can complete the process. In order to improve the quality of customer data and reduce the workload of branches, the Farmer Registration System query has been integrated into the Bank's system and can now be run via the NAR-Loan Query Portal across all branches.

Launched in 2020, the 1900-Dialogue Center Branch began to offer portfolio services to real person merchant customers in 2021 without requiring them to physically visit our branches and provide suggestions on products and services that could create value for them.

As of year-end 2021, TL 44.2 million was spent for the projects under the Personal, Commercial and Branch Digital Transformation programs. The number of branches renovated as part of digital transformation reached 510 as of year-end 2021. We will continue to renovate the remaining branches with designs suited to digital transformation according to the renovation schedule and requirements.

Artificial Intelligence

At İşbank, artificial intelligence is managed within the framework of its corporate vision and strategies, in an integrated manner with the corporate culture. İşbank aims to maximize customer experience with artificial intelligence applications; and directs employees to areas where they can create higher value with the automation of low value-added works.

The "Agile working model" is applied in artificial intelligence, which is one of the priority areas of work in the Bank. The Artificial Intelligence Agile Tribe has been established.

As of year-end 2021, AI investments amounted to TL 15.79 million.



Robotic Process Automation

İşbank strives to fully utilize new technologies to make life easier for its employees, and has increased the number of robots to 83 in 2021 as part of its digitalization efforts. With 250 new robotic process designs beginning to work on robots, the Bank achieved a time saving of approx. 600 thousand hours during the year. In addition to operational divisions with high transaction volume, robotic process automations have also been introduced in the head office divisions. As routine tasks of employees have been automated, employees are now able to allocate more time to focus on higher value-added tasks. Robots have also begun to affect the lives of customers, increasing customer satisfaction as a result of much quicker service times with automated tasks.

Online training was given to 435 employees to allow İşbank employees to develop robotic processes and come up with new automation ideas. The number of robotic processes has rapidly increased as employees have developed their skills and applications are recognized by robots.



INNOVATION and ENTREPRENEURSHIP

In order to correctly predict the strategic moves capable of changing competition in the digital world where technology is progressing rapidly and take action, İşbank continues its initiatives for developing the technology and business models aligned with the new competitive conditions. Adopting the open innovation approach, the Bank utilizes ideas and technologies which are developed by organizations such as technology companies and universities for various initiatives including development of new products and services.

Through innovation centers in the USA, China and Turkey, İşbank follows new technologies and continues its proof-of-concept studies to ensure use of digital technologies and analytical methods with an innovative approach and to create new products.

Thanks to the innovation activities and collaboration with different stakeholders in 2021, the Bank has developed the Geleceğe Orman (Forest for the Future) application, which allows customers to convert their points earned from their daily tasks, spending and banking transactions into young tree donations, and introduced the Superapp Developer Platform, which allows external developers to create mini apps within mobile applications with a minimum level of coding and gives super application capabilities to mobile applications. Additionally, 4 proof of concept projects are being undertaken to ensure personalized service delivery to customers in digital channels and to develop gamification competencies. In 2021, two separate projects were completed to set the Bank's innovation and invisible banking strategies. The Social Account feature was redesigned. The Bank is currently working on setting strategies to create new initiatives with a focus on NFT and Metaverse in 2022.

As part of our efforts to spread the culture of innovation, we are organizing many workshops and events internally and externally and carrying out processes that create innovative value proposals within the scope of "İş'te Yeni Bir Lider Programı".

As per its founding mission, İşbank is an organization that supports all economic activities and especially entrepreneurship and aims to provide this support in a sustainable and accessible manner. In this context, the Bank provides multi-dimensional support to startups, also known as technology-based initiatives, and this ecosystem in order to help them flourish and grow. İşbank is also working on creating its own ecosystem. With its vision of becoming the "Bank of Entrepreneurs and Entrepreneurship" and open innovation approach, İşbank supports the projects developed by initiatives, technology companies and universities. In 2021, the Bank collaborated with 22 initiatives and carried out campaigns and proof-of-concept work.

Internal Entrepreneurship Program

Thanks to the "Internal Entrepreneurship Program", which was launched to introduce innovative business ideas and develop our employees' teamwork and continuous learning skills, our employees have gained the skills "to think and act like an entrepreneur" and improved their innovation, creativity, risk taking and competitive thinking skills and also get the opportunity to generate their ideas, detect problems, create solutions and launch their products.

Entrepreneurship teams, which consist of our employees, improve their knowledge and awareness about innovative business models, entrepreneurship and the basics of internal entrepreneurship, and are given training and mentorship support from their program partners that have experience in entrepreneurship.

The program was announced in October 2020, and 181 employees applied to the program with a total of 261 different ideas. The program started with 6 ideas and 25 employees, and following an 8-week "idea validation" stage and a 12-week "incubation" period, 5 entrepreneurship teams reached the finals. During this process, our teams developed their products and conducted field tests with customers by receiving software support in addition to mentorship support. The Bank continues to provide the necessary resources, including software and mentorship support, to the teams that successfully completed the program so that they can become a technology-oriented entrepreneurship and commercialize their products. In 2022, the Innovation and Digital Strategy Division will continue to work on scaling up the 4 entrepreneurship teams that completed the first program.

Agile Workshop

As part of Agile Transformation, the Agile Management Division was established in September 2020, representing a significant step towards deploying agility across the organization.

As of December 2021, 15 Agile Tribes and 14 Chapters / Centers of Excellence were established at İşbank. 725 employees from different disciplines are employed in the 15 Agile Tribes, and the teams concentrate on Retail and Commercial Banking Segment Management, Product Development, Automation, Artificial Intelligence, Technology Platform Management and Next-Gen Work Model. The teams possess a mixed combination of competencies, including business product knowledge, digital, customer experience, data analytics and software development competencies, that are necessary for realizing the targets related to their main focus areas.

As of year-end 2022, the Bank aims to establish approx. 25 Agile Areas and reach 1,500 people. 20 internal Agile Coaches have been trained to ensure successful progression of the Agile Transformation. In 2021, more than 12,000 hours of training were organized for our employees with agile roles. Based on the agility measurements at year-end 2021, the Bank achieved a score of 4.23, 4.27 and 4.23 out of 5 in the fields of Employee Satisfaction, Agile Maturity and Team Autonomy, respectively. All scores are above the minimum target score of 4.

Workup Entrepreneurship Program

The Workup Entrepreneurship Program, which was created to support and accelerate early-stage startups with a technology-oriented, sustainable and scalable business model, has continued since 2017 without interruption. More than 13 thousand applications have been received so far, and a total of 119 entrepreneurs were accepted into the Program, including the ongoing 9th period with 12 entrepreneurs. A total of 81 entrepreneurs completed the program during the first 8 periods, and 32 of the entrepreneurs joining the program received funds totaling USD 9.6 million, each with different investment amounts.

Workup Agri, an agricultural acceleration program, was also introduced in 2021. Launched in October, the program continues with 6 entrepreneurs. The İstanbul Entrepreneurship Branch, a specialized branch with services exclusively for entrepreneurs, angel investors and investment funds, began its operations in November. Maxis YGSYF continued its investments in 2021 as well, and invested a total of USD 490 thousand in 2 different entrepreneurs.

Softtech Ventures

Softtech Ventures was established in order to implement and commercialize early-stage venture ideas internally and externally. With this structure, a strong ecosystem has been realized with an integrated strategy aimed at supporting initiatives that have the potential to scale in the global arena, especially in the Bank's strategic focus areas.

İşbank Future Hub Programı

The İşbank Future Hub Program is a long-term development program organized in collaboration with the Yenibirlider Association and İşbank to offer university students the opportunity to be a part of the digital-oriented leadership school of the future, to discover themselves and to build their careers with the perspective of digitalization and get to know the culture of innovation and entrepreneurship closely. In 2021, the Program was organized with the participation of 2 teams consisting of 12 students. Participants are supported in many ways from implementing a digital and innovative idea with the help of mentors from the Digital Banking Division Innovation Unit and Yenibirlider Association ecosystem to educational, cultural and artistic activities. They have the chance to experience next-generation project management approaches and agile working methods.

Turkish Entrepreneurship Foundation and Arya Women Investment Platform

In addition to the activities carried out within İşbank, extensive cooperation is also carried out with stakeholders who make significant contributions to the ecosystem. The Bank became the main sponsor of the Turkish Entrepreneurship Foundation which plays a key role in introducing university students into the entrepreneurship ecosystem and influences their educational life through scholarships and other support; and also became the main sponsor of the Arya Women Investment Platform, which works to increase both investment and business development opportunities for women entrepreneurs. For detailed information about the project, see the "Financial Inclusion" section of this report.

Technological Entrepreneur Tariff

İşbank continues to support entrepreneurs with the Technological Entrepreneurship Tariff, which was created to support technology-based initiatives in their establishment period. The Technological Entrepreneur Package offers advantageous financing and service support for technology-oriented, innovative entrepreneurs that have a start-up incorporated within the last 3 years and create added value. With an additional 97 entrepreneurs in 2021, this tariff was designated for a total of 294 entrepreneurs as of year-end 2021.



INFORMATION SECURITY

In order to accurately predict the strategic moves capable of changing competition in the digital world where technology is progressing rapidly and to take action, İşbank continues its initiatives for developing the technology and business models aligned with the new competitive conditions. Adopting the open innovation approach, the Bank utilizes ideas and technologies which are developed by organizations such as technology companies and universities for various initiatives including development of new products and services.

İşbank attaches special importance to all processes that are designed to secure its information assets. With regular investments, technological developments in the field of security are closely monitored and various training and awareness raising activities are carried out to continuously improve the security culture.

The Board of Directors has the ultimate responsibility to ensure information security within İşbank. To this end, the Board of Directors develops the required strategy and oversees its implementation via the committee. The Information Security Committee is responsible for developing and implementing information security and personal data protection policies. All organizational units of the Bank are responsible, within the boundaries of their areas of responsibility, for carrying out their activities in accordance with these policies and related standards.

Policies and related standards regarding information security and personal data form the basis of any actions to be taken. Additionally, through continuous awareness raising activities, the Bank strives to increase the knowledge of its employees and raise information security awareness among end users.

In 2021, 19,583 employees from the Head Office and branches received a total of 21,903 hours of training in the fields of cyber security, social engineering and information security.

İşbank's banking processes and information systems are annually audited by the Board of Inspectors in a risk-based manner to provide basis to the Management's Declaration to be submitted to an external auditor in accordance with the "Regulation over External Audit Institutions' Information Systems and Banking Processes Audits" published by the Turkish Banking Regulation and Supervision Agency (BRSA). Processes for ensuring information security are absolutely covered during the audits of information systems. Accordingly, İşbank's compliance with the Law on Protection of Personal Data no. 6698 and the Banking Law no. 5411 as well as the regulations associated with the said Laws, including especially the Regulation on Banks' Information Systems and Electronic Banking Services (BSEB) which became effective on 01.01.2021, is examined.

With priority given to the control targets regarding the provisions included in section 3 "Information Security Management" of the BSEB regulation, and within the framework of the mentioned regulations, the existence, adequacy and effectiveness of a process that includes activities such as risk assessment, approval of the corporate information security policy by the Board of Directors and supervision of its implementation by the Senior Management, conducting studies to increase the awareness of the Bank personnel on information security, classifying all data according to the degree of security sensitivity and conducting security controls at the appropriate level for each class, implementation of information security tests, prevention of data loss, and updates of existing controls and structures created according to technological developments are evaluated.

Within the scope of audit studies for information technologies (IT), examinations are carried out to contribute to the achievement of basic goals for the healthy management of IT risks and the effective and efficient use of IT resources. The scope of the said audit work is determined by a risk assessment prepared by taking into account the criticality of the applications and systems for the Bank and their sensitivity in terms of data security. These system-oriented technical reviews are carried out on the basis of local legislation and international best practices, including especially the articles of the BSEB regulation which are directly related to ensuring information security.

Similar to the audit activities carried out within the Bank, the internal control environments regarding information security of the Bank's subsidiaries and affiliates and the organizations from which the Bank receives support services are also evaluated within the framework of audit activities.

As per the communiqué "Penetration Tests for Information Systems" (Penetration Test Communiqué) published by BRSA on 24.7.2012, banks are required to carry out penetration testing at least once a year. The purpose of penetration testing is to identify and fix vulnerabilities that may result in unauthorized access to the Bank's information systems or

sensitive data before such vulnerabilities are exploited.

External firms have been carrying out penetration tests at İşbank since 2012 in accordance with the communiqué. Penetration test action plans evaluated regularly by Information Security regarding the findings of the penetration tests are reviewed by the audit team, and the "Penetration Test Finding Follow-up Report" for the current year is reported in the following year.

In the ordinary audit activities and investigations carried out by the members of the Board of Inspectors, the effectiveness of the measures taken for confidentiality of customer information is reviewed. In case of a customer complaint submitted to the Bank in relation to an alleged breach of confidentiality due to loss or disclosure of customer information to third parties, the issue is meticulously handled in all aspects and the audit results are reported. Within the scope of the investigations, the data and audit trails in the Bank's systems are analyzed in a holistic and detailed manner, and any situations that indicate reasonable doubt are examined from an analytical perspective. In the event of a reasonable suspicion that such information is disclosed to third parties, investigations on the subject are expanded and if these doubts reflect the truth, the necessary measures and decisions within the scope of both internal regulations and legal legislation are taken without delay. In addition, the processes described in the Bank legislation regarding provision of information to customers about the outcome of such complaints are executed in order to ensure that the complaint owners are notified about the outcome of examinations.

Reporting all examination results to the Board of Directors through the Audit Committee and monitoring the measures taken by the relevant unit managements within the framework of audit reports are also within the scope of internal audit activities.

Internal Control Division information systems internal control activities team regularly monitors the Bank's various control points in the field of information security at daily, weekly and monthly intervals as part of level two controls, and the identified operation issues are shared with the relevant IT units to fix them. The Internal Control Division's activities include access, privilege and security parameter controls, privileged common user accounts on servers and databases, activity controls for high-privilege users in critical servers and applications for information security, server antivirus software controls, and controls for security of server audit trails. Additionally, regular access and authorization controls are done to ensure that end user privileges in basic applications used for the main banking processes are up to date.

Within the framework of the security architecture, there are multiple layers in the communication network infrastructure of İşbank. Anti-DDoS solutions are positioned to prevent suspicious external DDoS (distributed denial of service) traffic targeting the Bank. In the outermost network, incoming and outgoing traffic is controlled by IPS (Intrusion Prevention Systems) and WAF (Web Application Firewall) systems. In order to increase security on the communication network, different zones have been created on the network. Within each zone, there are different firewalls and access control lists (ACLs), and zones are protected by customized rules and security defense mechanisms. In addition, different switches and VLANs (virtual local area networks) have been established in different zones. Outgoing internet traffic is analyzed by secure socket layer (SSL) monitoring tools and protected by sandbox APT (Advanced persistent threat) systems. All server and endpoint devices are protected by endpoint security solutions. Authorizations in the systems are made based on role and in accordance with the principle of separation of duties, and authorizations are regularly reviewed. The trace records created on the systems are transferred to SIEM products, and security warnings are followed by the Security Operations Center within the framework of predetermined rules on a 24/7 basis, and actions are taken regarding security incidents.

At İşbank, regular penetration tests are conducted to detect possible system vulnerabilities. Systems are patched to fix any detected vulnerabilities. Information security awareness training is provided and phishing simulations are used to increase awareness among Bank employees.

In 2021, to achieve compliance with the Regulation on Information Systems and Electronic Banking Services of Banks, consultancy services were received, and the actions planned to be taken based on the findings are being closely monitored. The K2 - IT New Regulation Compliance Project is being undertaken which includes Information Assets Inventory Management, Implementing and Monitoring Central Audit Management System, Secure Transmission and Encryption of Sensitive Data and Whitelist Management.

Approx. TL 96.2 million was invested in information security, cyber security and monitoring of fraudulent transactions during the last 3 years (2019, 2020 and 2021).

TL 96.2 million
Approximate amount of investment in information security, cyber security and monitoring of fraudulent transactions during the last 3 years.



Responsible Operations

Mitigate the negative
impacts of our operations
Our Employees



We take responsibility to mitigate the negative impacts of our operations

As one of the biggest banks in Turkey, İşbank offers services to millions of customers with its operations throughout the country. When managing its widespread network of operations, the Bank aims to minimize its environmental impact, ensure that the suppliers embrace the same working norms as it does, and become a reliable employer for all of its employees.

SUPPLY CHAIN MANAGEMENT

Sustainable development is only possible through responsible business models. Positive or negative impacts caused by an organization are not confined to the area of its operations, but may affect a large area based on the size of the organization. Aware of its responsibilities, İşbank aims to propagate its approach to, and standards of, business to its supplier chain as well.

By collaborating with its suppliers, it strives to ensure that best practices and products extend to an even larger area. İşbank works to achieve sustainable business success with a financially strong, environmentally friendly supply chain that is also reliable with high-quality production and continuity.

Material Issues

Responsible Procurement

Risks

- Loss of reputation due to adverse events in the supply chain
- Operational risks that may occur due to disruptions in the supply chain

Related Capital Elements

Social-Relational Capital

Opportunities

- Developing cooperation that will provide efficiency with effective supply chain management

Contributed SDGs

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

KEY PERFORMANCE INDICATORS

	2019	2020	2021
Total Number of Suppliers	2,604	2,744	3,486
Number of Local Suppliers	2,554	2,673	3,396
Ratio of Local Suppliers* (%)	98.08	97.41	97.42
Ratio of Procurement from Local Suppliers* (%)	81	92	91

* While calculating the ratios, companies registered in the trade registry and operating in Turkey were accepted as local companies.

TARGETS

Targets for 2021	Realization in 2021	Realization	Targets for 2022 and Beyond
Maintaining the local supplier ratio at 98%	97.42%	✓	Maintaining the current level

In line with İşbank's ethical banking approach, the Supplier Code of Conduct, based on the UN Global Compact and İşbank Human Rights and Human Resources Policy, determine the main principles and essentials in purchases of goods and services. The Supplier Code of Conduct, which is available on the Bank's corporate website, is also posted on the "İş'te Marketim" application, which is the main platform in purchasing processes and actively used by the suppliers of İşbank. All suppliers are expected to comply with the principles and policies within the scope of İşbank's Anti-Bribery and Anti-Corruption Policy, Gift and Hospitality Policy and Ethical Principles and Code of Conduct, which are accessible on the same platform, and expected to refrain from acts that would violate these principles.

İşbank has adopted the principle of continuously improving its suppliers, ensuring organizational excellence, and improving business processes consistently. When selecting suppliers, the Bank chooses one from its existing pool of suppliers based on the nature of procurement in question or tries to reach new alternative suppliers by looking at predefined criteria. The Bank also takes different parameters into consideration, such as reference check, sector analysis and financial analysis, when identifying alternative suppliers.

In accordance with the Sustainability Policy, İşbank endeavors to minimize the negative environmental and social impacts caused by suppliers, and to raise the positive effects to maximum levels. In this context, the Bank respects environmental and social criteria in its supplier selection.

The requirement to take environmental impacts into consideration during procurement activities is set out in the Procurement Policy. Various criteria are evaluated, such as whether the supplier company has an active environmental management system in place, whether the legal requirements for the disposal of waste generated from the activities carried out for the Bank are met, whether recycled materials are used, and the frequency of environmental emergencies.

You can access Supplier Management Principles [here](#).



In procurements with high environmental impact, suppliers are expected to submit the required documents related to the subject. No goods or services are purchased from those suppliers who fail to meet the expectations.

Like environmental criteria, social criteria also play a key role in the selection of suppliers at İşbank. Suppliers are expected to adopt work principles similar to those embraced by the Bank. İşbank respects association and collective bargaining rights, and sensitivity on this issue is taken into account in the selection of suppliers. Purchases of goods and services from suppliers that are found to be involved in practices of bribery and corruption are suspended, and such suppliers are banned. Article 2 of the Supplier Management Principles states "No person under the legal working age may be employed". Accordingly, the Bank does online research and looks into the market sources to gather information about suppliers. The suppliers are also visited according to a schedule. During the reporting period, the Bank received no feedback which could indicate any negative social impact of its suppliers.

İşbank has adopted the principle of continuously improving its suppliers, ensuring organizational excellence, and improving business processes consistently. The Bank continued to contribute to the national economy by selecting local suppliers in 2021 as well. Therefore, local suppliers accounted for 97% of the total suppliers, while the amount of procurement from local suppliers accounted for 91% of the total volume of procurement during the reporting period.

These policies are available at [İşbank's corporate website](#) and are accessible by all stakeholders.

97%
ratio of local suppliers

As part of supply chain management, İşbank expects its suppliers to:

- meet the Bank's expectations of quality-logistics performance,
- act in accordance with the environmental and ethical rules,
- keep up with the developing and changing industry conditions,
- make plans in cooperation with the Bank in order to reduce the negative impact of production processes on the environment,
- prefer raw materials and materials with minimal impact on the environment during their procurement activities,
- try to minimize the environmental impact associated with their production and logistic processes, and
- prefer packaging materials with minimal environmental impact.

The statement on the opening page of the procurement platform "As İşbank, it is important for us that our suppliers embrace the same values as we do so that procurement processes can be executed in a healthy and sustainable manner. Here you can view our Supplier Management Principles, Antibribery and Anticorruption, and Gifts and Hospitality Policies, which set out the basic principles and procedures to be followed under the relations between İşbank and the suppliers from which services will be purchased", provides information to all of our suppliers about the above-listed policies.

In 2021,

- The boxes are made of **recyclable material**.
- Concerning the electricity procurement tender for the next period, **renewable energy sources** have been preferred for all electricity consumption.
- **173 hybrid vehicles** were preferred under the vehicle leasing contract. The Bank has a fleet of 1,913 rental vehicles in total. Hybrid vehicles account for 9% of the total number of vehicles.

CIPS Certification

In 2021, the CIPS (The Chartered Institute of Procurement & Supply) certification process was undertaken to certify conformance of the Bank's procurement organization and processes to international standards. CIPS is one of the leading professional institutes that sets the best practices and standards in the field of procurement and supply chain management.

Corporate CIPS Certificate is a globally recognized accreditation that demonstrates the level of maturity of an organization's supply chain policies, strategies, procedures and processes. By obtaining this certificate, firms can display and prove that they can keep up with the ever-changing business environment in the field of procurement and that they have robust and professional supply practices and systems in place. The Procurement Division has successfully completed all detailed evaluations conducted by the CIPS Institute and an external auditor assigned by the institute. İşbank was awarded the CIPS certificate on 27.10.2021. The Bank became the first organization in the Turkish banking and finance sector to receive this certificate.

Supplier Sustainability Performance Measurement Survey

Suppliers from which the Bank procures a large amount of products/ services via its procurement application were subject to a survey which included 35 questions in the main fields of environment, labor and human rights, ethics and sustainable procurement. Suppliers who took the survey represent 67% of the procurement budget for 2021. This survey was intended to see the current status of suppliers in terms of sustainability and to raise awareness of sustainability among suppliers.

Focus areas included in research

Environment	Labor and Human Rights	Ethics
➔ Environmental certificates	➔ Occupational safety	➔ Ethical rules
➔ Environmental policy	➔ Trainings	➔ Information management
➔ Environmental management	➔ Harassment/	➔ Anti-corruption
➔ Approach to climate change	➔ Discrimination	➔ Fair competition
➔ Waste management	➔ Child labor	➔ Sustainable Procurement
➔ Energy management	➔ Employment of women	➔ Social responsibility
➔ Water management	➔ Human rights	➔ Environmentally friendly products
➔ Recycling		
➔ Emission management		



ENVIRONMENTAL IMPACT

With the current state of the world, one of the main responsibilities of both individuals and corporations is to use natural resources in a responsible manner and to minimize their environmental impact. İşbank takes responsibility for climate action in order to maintain its operations with minimal environmental impact. The Bank sets this responsibility on a firm basis with its targets and commitments. Additionally, İşbank is undertaking many improvement and energy-efficiency projects to reduce its environmental impact.

Material Issues

The Bank's Environmental Footprint

Related Capital Element



Risks

- Increase in operational expenses due to rising energy costs
- Failure to meet the requirements of corporate commitments due to noncompliance with environmental regulations

Opportunities

- Reduced operational expenses through energy efficiency, reduction of water consumption, and paperless banking practices

Climate Targets

İşbank added climate change risk to its risk catalogue and developed the Bank's strategy for climate change, which is one of the most important components of the environmental dimension of sustainability. In the combat against climate change, the Bank set its target for reduction of greenhouse gas emissions and stated it in its disclosure under the CDP Climate Change Program:

"To reduce the total Scope-1 and Scope-2 greenhouse gas emissions calculated in accordance with the International GHG Protocol by 38% by 2025, 65% by 2030, and to zero by 2035, and to carry out activities as carbon-neutral as of 2035 (target baseline year: 2018)"

İşbank has made a commitment to the Science Based Targets Initiative (SBTi) to validate the emission reduction targets on a science-based basis. In the following periods, it is aimed to evaluate Scope-3 emissions from lending activities and the supply chain with a target-based approach.

In 2021, the amount of **energy generated from renewable energy sources** accounted for **84%** of the total energy consumption.

İşbank was awarded **a score of "B" in the CDP Climate Change Program** in 2021.

KEY PERFORMANCE INDICATORS

	2018	2019	2020	2021
Greenhouse Gas Emissions (tons of CO ₂ e - equivalent) ¹				
Scope 1	20,472	21,789	20,629	22,528
Scope 2	68,599	71,781	57,193	8,784
Scope 3	10,563	8,727	7,779	6,458
Total (Scope 1 + Scope 2)	89,071	93,570	77,822	31,312
Energy Consumption ¹				
Total Electricity Consumption (kWh)	127,989,080	132,501,362	119,911,679	121,403,480
Total Natural Gas Consumption (m ³)	4,126,643	3,879,943	4,178,163	5,284,460
Fueloil Consumption (lt)	8,000	6,400	14,710	11,296
Coal Consumption (kg)	170,586	78,713	77,606	21,869
Diesel Consumption (lt)	417,479	351,180	320,068	282,318
Total Energy Consumption (GJ)	756,517	670,254	588,942	630,216
Water Consumption (m ³)				
Total Water Consumption ²	371,244	345,389	282,477	270,182
City Water (Blue)	365,424	335,964	278,890	262,235
Waste Water (Gray)	0	0	278,890	262,235
Spring Water (Green)	5,820	9,425	3,588	7,947
Amount of Recovered and Re-used Water	5,820	9,425	3,588	7,947
Vehicle Fuel Consumption (lt)				
Fuel Consumption of Company Vehicles (Diesel)	2,718,367	4,012,798	3,639,660	3,155,927
Fuel Consumption of Company Vehicles (Gasoline)	15,335	11,982	7,592	334,694
Fuel Consumption of Employee Shuttles (Diesel)	562,655	541,627	535,390	550,100
Business Trips with Personal Vehicle (Diesel)	-	-	36,685	40,352
Business Trips with Personal Vehicle (Gasoline)	-	-	42,740	43,731
Business Trips with Personal Vehicle (LPG)	-	-	22,259	27,035
Paper Consumption (ton)	808	679	643	503
Amount of Waste (ton) ³				
Amount of Electronic Waste	9	30	37	23
Amount of Domestic Waste	1,884	1,757	861	1,001
Amount of Paper Waste	200	129	94	346
Amount of Medical Waste	1	2	1	2
Recycled Hazardous Waste ⁴	13	5	7	10
Recycled Non-Hazardous Waste	29	41	25	189
Total Amount of Waste	2,116	1,964	1,026	1,570
Amount of Recycled Paper	200	129	94	346
Amount of Recycled Electronic Waste	9	30	37	23
Emission Intensities				
Emission per employee (tCO ₂ e/number of employees)	4.4	4.3	3.4	1.4
Emissions according to consolidated asset size (tCO ₂ e/TL million)	0.2	0.2	0.1	0.0
Consolidated emissions by net profit (tCO ₂ e/TL million)	14.9	17.0	10.0	2.0

¹ The emission and consumption data reported in 2018 included the Head Office buildings, all domestic branches and regional directorates, and in 2019, the Atlas Data Center was also added to this data. The increase in electricity consumption in 2019 was partly due to the inclusion of the data center.

² Total water consumption = Total amount of discharged water

³ 2018-2019-2020 data only includes the Head Office buildings. 2021 data includes the Head Office buildings as well as the service buildings with ISO 14001 certification.

⁴ Electronic and medical waste was included in 2018 figures. It was not included in other years.



TARGETS

Targets for 2021	Realization in 2021	Realization	Targets for 2022 and Beyond
In line with its goal to reduce greenhouse gas emissions, İşBank aims to reduce the total Scope-1 and Scope-2 emissions calculated in accordance with the International GHG Protocol by 38% by 2025, 65% by 2030, and to zero by 2035, and carry out its activities as carbon-neutral as of 2035 (target baseline year: 2018)	As of 2021, İşBank has begun to use renewable energy in all its operation points where available and has already achieved its targets for 2025 and 2030.	✓	Maintaining the current status
The Bank aims to meet at least 50% of the eligible consumer electricity consumption from clean energy sources by 2025 and 100% by 2030, in line with its greenhouse gas emission reduction targets (target baseline year: 2021)	100%	✓	Maintaining the current status
Completing the ISO 14001 Environmental Management System certification process of approximately 400 locations in 2020, and obtaining certification to cover all operation and service locations of the Bank by the end of 2022	Our 423 branches and divisions received ISO 14001 certification in 2021.	✓	Obtaining ISO 14001 certification for all operation and service locations of the Bank (excluding social facilities).
Thanks to the digitalized processes, the Bank aims to reduce total paper consumption in 2021 by 34.8 million pages compared to 2020.	The Bank achieved paper savings of 64 million pages compared to 2020.	✓	0 paper for 2024
<div>In order to reduce negative environmental impacts in 2021 and beyond, the following targets have been set:<ul style="list-style-type: none">▪ Reducing water consumption by installing a water-saving aerator in all sink faucets of branches,▪ Saving energy by continuing to change the lighting fixtures to LEDs,▪ Continuing to replace old type air conditioners with new generation air conditioners with higher efficiency.</div>	Replacement of aerators is ongoing, with a 60% completion rate as of year-end 2021. Replacement of air conditioners and lighting fixtures with LEDs continues.		<div>Lighting fixtures of 125 Branches will be replaced with LED lights in 2022.</div> <div>Replacement of old type air conditioners with new models is ongoing at our branches which are being refurbished.</div>

Management of Environmental Impacts

At İşbank, an ISO 14001 Environmental Management System Project has been in place since 2018 in order to reduce its environmental impact and build an environmental management system that complies with international standards. Accordingly, employees with environmental responsibilities are given Environmental Management System Training, while employees at the Internal Control Division receive Environmental Management System Internal Auditor Training. Employees who have just started their career at the Bank are provided with information about the Environmental Management System as part of the "Starting My Career" Trainings. The Environmental Management System is audited by the Internal Control Division on an annual basis. The Bank has not incurred any fines for non-compliance with environmental laws and regulations during the reporting period.

As of 2021, İşbank has ISO 14001 Environmental Management System Certificates for 847 locations. The Bank aims to achieve ISO 14001 Environmental Management System Certification for all of its locations by receiving certification for 492 locations by year-end 2022. As of year-end 2021, the ratio of certified locations to the total number of locations of the Bank is 63%, which is expected to be increased to 100% by year-end 2022. İşbank aims to maintain its environmental management system which complies with international standards in the coming years.

İşbank ensures that the electronic devices used in operations and whose lifecycle is monitored by the IT Division are recycled in order to reduce its environmental impact. Aware of the harmful effects of electronic waste and the associated economic losses, İşbank sells used electronic items and returns used toner cartridges. The firms to which the Bank sells such used items have AEEE certification.

Environmental Impacts in the Supply Chain

İşbank monitors the environmental impacts of its supply chain. The criteria specified in the Supplier Management Principles include environmental factors. These criteria affect supplier selection. In procurement activities or operations which have a high environmental impact, such as disposal of wastewater or procurement of batteries, suppliers are evaluated based on their capabilities. No goods or services are procured from suppliers that fail to submit the required documentation. For special procurement activities, suppliers that submit the required documentation are preferred, regardless of price.

As of 2021, the Bank has ISO 14001 Environmental Management System Certificates for 847 locations (63% of total locations).



OPERATIONAL EFFICIENCY

Paperless banking activities are carried out and performance indicators of waste generation, water and energy consumption and carbon emission in the Head Office buildings and branches are monitored. Remote working, a new way of working that İşbank offers to its employees, supports gains in this field.

Environmentally Friendly Buildings

Environment friendly buildings play a key role in reducing the environmental impact of İşbank's activities. İşbank's big buildings such as the Head Office, operations center and data center were designed to minimize their environmental impact. İşbank Head Office building in Levent, Istanbul has a BREEAM In-use Excellent certificate. Tuzla Technology and Operations Center (TUTOM) received the LEED Gold certificate. The Bank's Tuzla Data Center (Atlas) building has been certified with LEED v4 Gold for Data Centers. Atlas is the first data center in Turkey that meets such high standards.

➤ As a result of the improvements and upgrades made for higher energy efficiency, emissions **(scope 1+scope 2) were reduced by 46,510 tCO₂e, while water consumption was reduced by 12,295 m³.**

➤ From 2020 when remote working arrangements were put in place to the end of 2021, **electricity consumption at the Head Office locations decreased by 8.4%.**

Energy consumption is reduced by using the energy which is generated during cooling in the ATLAS Data Center building for the heating of office areas. At the Atlas Data Center, the data halls which house IT cabinets are air-cooled with packet type cooling devices in an uninterrupted and redundant manner.

After the cabinets are cooled, the heated air is mixed with outdoor air and used for heating the air conditioning systems, thus saving energy. In addition, rainwater is collected and reused after purification.

Aerators were installed to reduce water pressure in the TUTOM building in 2021. For the Head Office, ATOM and Atlas Data Center buildings, efforts have been initiated to save water in washbasins by procuring and installing aerators. The process of installing aerators at more than 800 branches and units with ISO 14001 certification began in 2021. At all service buildings, conventional flush tanks were replaced with new models that use less water, and urinals with photocell control were chosen to replace existing urinals. Faucets in lavatories were replaced with water-saving faucets. Thanks to these measures, approximately 15% water savings was achieved.

In 2021, during the renovation work across the Bank, lighting, heating and cooling systems of branches were modernized. Existing lights were replaced with LED lighting, while old air conditioners were replaced with high energy-efficient units, and natural gas conversion was carried out at branches that were heated with coal or diesel fuel. At the Head Office Tower1, the heating system pumps were replaced with more energy-efficient models.

At the Head Office and TUTOM buildings, all waste is sorted and recycled according to the ISO 14001 Environmental Management System Standard.

ENERGY-EFFICIENT BRANCHES

İşbank continues its environmental efficiency efforts in its service buildings with a perspective of continuous improvement. The Bank aims to ensure efficient use of energy and resources in order to minimize its environmental impact. Therefore;

➤ High-energy class air conditioners are preferred for the air conditioning requirements of branches and Bankamatik ATMs. R32 refrigerant-powered models are being used. One of the most important advantages of using R32 gas air conditioners is that the air conditioners operate with a much smaller amount of gas, thus reducing the consumption of refrigerant gas.

➤ LED lighting is applied for the branches under renovation. In this way, the amount of waste and energy consumption of approximately 50% per lighting savings are achieved.

➤ Natural gas conversion is carried out in branches heated with diesel fuel.

➤ Visors are being installed on Bankamatik ATMs that convert solar energy into electric energy and help reduce energy consumption. Acting as solar panels, the Bankamatik ATM visors can meet a significant portion of the energy need of façade lighting, except for the advertisement panels. These systems are in the testing stage and it is planned to expand their use to all renovated units from 2022 onwards.





We Take Responsibility for Our Employees

We take responsibility for our employees who are our most precious assets. At İşbank, employees enjoy a respectful, peaceful, safe, fair and supportive work environment. At İşbank, it is a priority to have happy and productive employees who embrace a sound vision of the future.

Material Issues

Employee Rights, Commitment and Satisfaction ■ Employee Health and Safety ■ Equal Opportunity and Diversity ■ Preferred Employer ■ Supporting Employee Volunteering

Related Capital Elements

Human Capital

Risks

- Loss of qualified employees
- As per İşbank's general policy on recruitment, only entry-level positions are recruited, while executives are trained in-house and promoted from existing employees of the Bank. All recruitment positions are for recent graduates or young professionals. Therefore, losing "talents" for any reason after they have reached a certain level of maturity in their career is one of the greatest risks for the Bank.
- Not being preferred by successful recent graduates who form the Bank's target audience
- Decrease in employee engagement due to the changing work habits of the new generation
- Loss of workforce and reputation due to lack of equal opportunity for potential and existing employees

Opportunities

- Developing products and services suitable for the digital age by forming a creative team with regular trainings on digitalization
- To be a preferred employer for recent graduates thanks to a reliable brand and employer image
- Keeping employee motivation high by prioritizing work-life balance
- To be a preferred institution for young employees thanks to practices in various fields such as agile business models, artificial intelligence, data analytics and comprehensive training programs
- Offering long-term career opportunities through İşbank's in-house promotion culture
- Being among the leading institutions of the sector in terms of equal opportunity and diversity and being a bank preferred by employees.

Contributed SDGs

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

	2018	2019	2020	2021
Employee turnover rate (%)	2.00	1.86	1.6	2.01
Number of practices that support employee satisfaction	16	18	15	13
Total number of ideas received from employees	7,168	6,292	4,260	2,950
Participation rate in employee satisfaction surveys (%)	88	90	88	85
Unionization rate (%)	99	99	98	98
Satisfaction with the human resources practices score as part of the working life evaluation survey	69	67	71	68
Ratio of female employees to the total number of employees (%)	56	55	55	55
Ratio of female employees in senior and middle management (%) (Assistant Manager and above)	46	45	45	44
Average training hours per employee per year*	23.1	25.7	25.4	29.3
Share of digital trainings within all trainings (%)	35	30	51	30
Hours of training per person in management and leadership development programs	15.1	14.2	11.4	16.7
Hours of training per person in IT competence development trainings	23.1	23.4	17.6	26.3
Hours of training per newly recruited employee in their first year	156	164	145	116
Number of suggestions communicated by employees	7,168	6,292	4,260	2,950

*Training figures exclude participants of refresher trainings, while Private Security Officers and Servant Staff are not included.



TARGETS

Targets for 2021	Realization in 2021	Realization	Targets for 2022 and Beyond
Continuing competency development programs tailored to the needs of roles based on agile working principles under the umbrella of the Agile Academy	Trainings have been prepared in order to inform our employees about the agile working model, which allows employees to feel that they are part of a whole and enables people from different lines of business to work in a coordinated manner. Digital trainings about the basic principles of the agile working model, which was introduced into İşbank with the establishment of the Agile Management Division and provides highly positive results, has been made available to employees in 4 parts under the "Agile Working Principles" via "Learning World". Technical trainings and competency development programs were organized to address special agile working principles according to the needs of different roles.	✓	As planning of role-based development journeys of the new areas to be established continues as part of the agile transformation program, training programs will be designed that will increase the level of knowledge and develop the skills of our employees according to their competency needs in the newly established competency lines.
Offering the Training Catalogue, which was created to increase the professional knowledge of employees, develop competencies in support of their changing roles in the digitalized world and assist them with their professional development throughout the year and ensuring that the employees can benefit from these trainings based on their needs and preferences	Professional development, digitalization, personal development and leadership trainings were held as part of the "Training Catalogue" throughout the year in order to support the competencies of employees based on their needs and preferences. More than 3,700 individual employees participated in the trainings held in a total of 48 different areas.	✓	Professional development, digitalization, personal development and leadership trainings designed to support the development of employees will continue to be held throughout the year as part of the "Training Catalogue".
Launching the "Data Analytics Development Program", a program that will be available for use by all employees and is designed to support skill transformation in analytics and digital roles, starting with basic level trainings and gradually moving towards trainings for advanced analytics roles with tailored learning journeys	The "Data Analytics Development Program" was launched in 2021. The program was made available for all interested employees in line with the principle of equal opportunity, and a total of 8,350 employees joined the program and received more than 70,000 hours of training.	✓	The "Data Analytics Development Program" will be continued to reach even more employees in order to support competency transformation in the field of data analytics and artificial intelligence.
Launching the "New Digital Learning Infrastructure" project designed to increase digital training hours through innovative learning practices that offer continuous development capabilities with highly tailored content through an artificial intelligence-based suggestion system and allow employees to access trainings much more easily through a learner-driven approach	The new digital learning infrastructure project is still ongoing. Live testing activities have begun.	⌚	We aim to complete the new digital learning infrastructure project and offer it to our employees. Additionally, a new learning game is being developed in order to help them gain the skills of the future by supporting their personal development and increasing their knowledge of technical banking. The game is planned to be made available for use by our employees in 2022.

EMPLOYEE COMMITMENT and SATISFACTION

İşbank assumes responsibility for ensuring that its employees work in a satisfactory work environment. The Bank has a deeply-rooted corporate culture and supports employees with their requirements according to today's modern world. Thus, employees remain a part of the İşbank family for many years.

Employee commitment and satisfaction are two intertwined concepts that represent İşbank's strengths and form the basis of the Bank's success. Surveys are conducted in the following areas to increase employee satisfaction: training activities, performance management, career management, recruitment process, remuneration and rewards. The results from the surveys are reviewed by the managers to make the required improvements. The latest satisfaction survey at İşbank was conducted in 2020, with the participation of 88% of the employees. It has been decided to conduct employee engagement surveys, which used to be conducted every three years, on an annual basis from 2021 onwards, and to include foreign and Cyprus branch employees in the surveys. These surveys also reveal indicators that identify the potential for improving long-term business outcomes.

Practices that support employee satisfaction at İşbank include online tours and workshops, special employee discounts obtained from various organizations, and practices aimed at increasing employee volunteering support. In 2021, a volunteer team of runners consisting of employees of the Bank competed in the Istanbul Marathon and collected donations for TEGV.

The fact that employees continue to work at İşbank for many years is a key indicator of employee satisfaction and commitment. 78% of İşbank employees have been working for İşbank for more than 10 years. As of year-end 2021, the employee turnover rate was around 2.01%, and the voluntary turnover rate was 3.49%.

78%
of employees have been
working for İşbank for more
than 10 years.

Practices
that support
employee
satisfaction





EMPLOYEE RIGHTS

İşbank guarantees a work environment in which employee rights are completely protected. The Bank respects freedom of association. All employees are free to unionize and act according to their free will. Accordingly, 98% of the Bank's employees are covered by a collective bargaining agreement. The collective bargaining agreement signed by the Bank and the Finance and Insurance Workers Union (BASİSEN) every two years serves as a guide in determining employee rights. At İşbank, the working conditions, economic and social rights of employees are determined within the framework of the provisions of the Collective Bargaining Agreement and the Bank's legislation.

In this context, the principle of freedom of employment and contract as expressed in the Constitution is valid at İşbank. In addition, İşbank is one of the organizations in the sector with the highest rate of unionized employees. Therefore, İşbank does not have any operations with the risk of forced/compulsory labor.

Within the scope of the Collective Bargaining Agreement, all İşbank employees, regardless of title and seniority, are eligible for healthcare benefits as per the principles of the Healthcare Benefit Implementation Regulation as well as facilities such as food service and personnel transportation services, and other benefits and support packages such as marriage support package, maternity allowance, child allowance, natural disaster support, goods transportation allowance and immigration allowance.

The Remuneration Policy covers the employees and managers of the Bank at all levels and is under the responsibility of the Remuneration Committee, which directly reports to the Board of Directors. Remuneration is managed through transparent and measurable processes and systems, and there is no gender-based wage differentiation. As an indicator of this approach, the median wage paid to female employees was 8%* above the median wage paid to male employees in 2021.

In 2021, İşbank's Board of Inspectors reviewed data pertaining to 85% of all of the Bank's employees, including male and female employees working in the Bank's operations in Turkey, except for middle- and top-level managers. Information was collected about the wages paid in 2021 to the employees included in the review. It was concluded that there is no causality relation between differentiation in wages and the gender of our Bank's employees across all regular wages. The salaries of senior executives are determined in accordance with the Bank's strategies, long-term goals and risk management structure and are designed to prevent excessive risk taking. The wage package of the Bank consists of salary, bonus, meals, foreign language compensation, dividend payment determined by the Articles of Incorporation, and other fringe payments that may vary depending on seniority and/or scope of the job.

*In the calculation, monthly regular payments made to employees working in Turkey as of the end of 2021 regardless of their performance were taken into account. Payments such as overtime pay, cash compensation, shift compensation and other social benefits and non-guaranteed payments made once a year were not taken into account.

In addition, there are applications where payments such as high productivity allowance, product-based sales premiums and manager bonuses are made in line with the individual performance of the employees.

Manager and manager candidates working in branches and the Head Office divisions receive premium payments on an annual basis. Attention is paid to ensure that the manager premium payments are aligned with the performance of employees, the Bank's long-term strategy and the risks assumed. The Bank does not employ variable remuneration practices for key employees.

İşbank supports its employees with practices that go beyond their fundamental rights and freedoms:

- The Bank also contributes to the sportive lives of its employees with the gym located in the İşbank TUTOM building that is available for all employees.
- The Bank has practices that go beyond the legislation. Annual leave, maternity leave, disability and unpaid leave arrangements specified in the Collective Bargaining Agreement can be expanded to grant rights in favor of employees beyond the legal regulations.
- In addition, there is also the practice of granting administrative leave by the direct managers upon request of employees for their personal matters. The remote work practice put in place in connection with the pandemic means that the employees now have more time to deal with their personal matters.

Compliance with Operating Principles

Within the scope of audits conducted by the Board of Inspectors, if a suspicion arises that the Bank employees do not conform to work standards or the Board of Inspectors receives a claim that the operating principles are not complied with, the issue is meticulously reviewed. If tangible evidence is found that proves such suspicion or claim, the reports prepared to allow the necessary administrative decisions to be made in accordance with the Bank's collective labor agreement and the legislation are reviewed by the Board of Inspectors and transferred to the related Head Office Divisions for action. In this context, 39 investigations were carried out and referred to the related Head Office Divisions in 2021.

FAMILY-FRIENDLY EMPLOYER

İşbank respects the family life of its employees. The Bank supports its employees in maintaining a good work-life balance.

Women may sometimes encounter career disruptions due to factors in their private life, such as childbirth. In order to avoid such disruptions, İşbank has put in place practices that will facilitate the return of female employees to work after childbirth. Thanks to these practices, 99.9% of female employees who took maternity leave in 2021 returned to work.

The positions of female employees on maternity leave are preserved, and following the end of their leave, they can continue their duties in the same position and in the same location. They can request unpaid maternity leave before starting work or benefit from part-time work arrangements. For mothers, breastfeeding rooms have been allocated to create a more comfortable working environment after maternity leave. Employees using breastfeeding breaks can also benefit from personnel transportation services. Mother and child benefit from the comprehensive health benefits offered by the Bank. In addition, female employees can use the kindergarten service in the İşbank's TUTOM building. All employees with children are provided with a maternity and child allowance. Male employees can take a longer paternity leave than the length of leave specified in the regulations.

99.9%
of female employees who took
maternity leave in 2021 returned to
work.

INTERNAL COMMUNICATION
and EMPLOYEE PARTICIPATION

At İşbank, the ideas and suggestions of our employees are valued. The Bank listens to the employees' suggestions, complaints and feedback through constant communication channels and reflects them in its management and decision-making processes. Various platforms have been created in order to systematically ensure employee communication and participation in İşbank.

- **As part of the Employee Communication Platforms and Programs (ÇİPP)**, trend surveys are conducted and they contribute to the planning of new activities. Innovations such as cultural tours, competitions and e-sports activities have been introduced via this platform, and the participation of employees in social responsibility activities has been increased.
- **"I Have a Suggestion"** is a system that aims to benefit from the knowledge and experience of employees in developing new applications and solutions and improving customer experience. In this way, while enhancing the creativity of the employees, it also increases their job satisfaction. In 2021, employees submitted 2,950 ideas through the "I Have a Suggestion" system.
- **HR Help Desk (Maximo)** is a practice where employee opinions, evaluations, requests and complaints are received and forwarded to the relevant units. Submissions coming through the "Negative News Line" can only be viewed and directly answered by the CEO. Thus, employee privacy and confidentiality is protected at the highest level. In 2021, 314 employees created 344 negative news items, and product and process improvements were evaluated by the related business divisions.
- Employees can report actual or suspected violations of İşbank's Ethical Principles and Operational Rules, the Bank's policies and internal regulations, as well as national and international legislation via the **Ethics Hotline**. It is essential that the reports are kept confidential; and unless expressly requested, the name of the reporting person is kept confidential. Employees are not exposed to any disciplinary action, direct or indirect retaliation, or put at any disadvantage compared to their peers for reporting a violation.
- **The "About Me"** screen was created to support the Bank's decision processes with accurate and detailed information. On the screen, employees can communicate the issues that they believe the Human Resources Function needs to be aware of. The registered information can only be viewed by authorized persons in the Human Resources Management Division and by the employee themselves, and the confidentiality of the shared information is essential.



OCCUPATIONAL HEALTH and SAFETY

İşbank sees providing a healthy and safe work environment as one of its fundamental responsibilities. The most authorized person in charge of OHS at İşbank is the Human Resources Management Division Manager, two reporting levels lower than the General Manager. In line with the provisions of the Occupational Health and Safety Law, OHS Committees where employees are represented are established in the Bank's buildings having more than 50 employees.

As of year-end 2021, there are OHS Committees in 38 of İşbank's buildings. The OHS Committees convened 138 times during the year, with 346 committee members participating, including 110 employee representatives.

Maintaining a healthy and safe work environment is as important as providing such an environment. Therefore, employees need to have OHS awareness. İşbank organizes trainings to increase OHS awareness among employees. In 2021, 40,146 hours of OHS training were given to 6,529 employees.

The pandemic necessitated all organizations to expand the scope of their OHS practices during the last two years.



For information about the actions and measures taken by İşbank as part of the Fight against COVID-19, see page 200 of this report.

In 2021,

40.146

person-hours of OHS training

were given to

6,529

employees.

PREFERRED EMPLOYER

İşbank aims to reach qualified human resources and become the preferred employer for qualified employees. For this purpose, the Bank communicates with potential employees and university students through various channels in order to reach potential future employees.

Communication with university students takes place via campus communication, student clubs and career centers. Employees representing the business divisions of the Bank share the corporate culture and their personal experiences with the youth. In-house technologies and innovation studies are communicated to the students.

Depending on the requirements of the position, online exams and recruitment processes are monitored. Thanks to online applications, the Bank offers employment opportunities throughout the country. Internship opportunities are offered for students in their last two years of university. This helps students become more familiar with the Bank, observe existing employees and benefit from their perspectives.

Besides universities, İşbank also collaborates with non-governmental organizations. As a result of such collaborations, various development programs are undertaken. Within the scope of development programs, university students are offered mentorship, the right to benefit from in-house trainings, and the opportunity to participate in art events organized by the Bank and İş Sanat. This not only helps young people in their education but also enriches their cultural and personal development.

EQUAL OPPORTUNITY and DIVERSITY

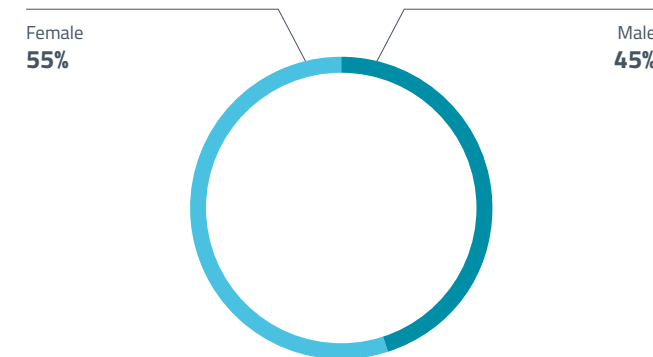
İşbank values social diversity and thus puts in place practices that emphasize equal opportunity in its human resources processes. The Bank does not, under any circumstances, allow any discrimination among employees based on factors such as race, origin, religion, language, sect or any belief, sexual orientation/preference, gender, mental or physical disability, age, cultural or social class and opinion.

İşbank expects its suppliers to embrace the same attitude on equal opportunity and diversity. The provisions of the Supplier Management Principles expressly prohibit any discrimination based on race, gender, nationality, age, physical disability, association membership, pregnancy or marital status.

Gender equality is one of the main elements of İşbank's approach to equal opportunity. Various instruments have been created that promote and facilitate women's participation in business life. İşbank is one of the organizations with the highest number of female employees in Turkey. 55% of İşbank employees are women. The high ratio of female employees is also reflected in the management staff. 44% of the mid-level and top-level managers of the Bank are women.

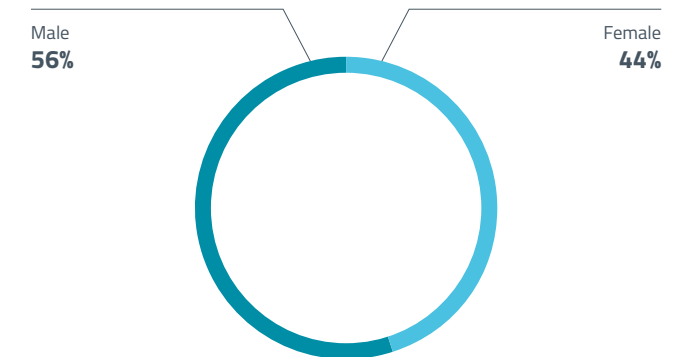
In March 2021, İşbank put into force its Gender Equality Policy pursuant to the decision of the Board of Directors. In line with its equal opportunity and diversity principles, this Policy sets out the basic principles and procedures pertaining to the Bank's practices to preserve gender equality that cover all of the Bank's employees and activities. Additionally, Pursuant to the decision made by the Sustainability Committee in 2021, the Bank has started conducting analyses in order to increase the ratio of women among the management staff.

Breakdown of Employees by Gender*



*Employees with the title of Private Security Officer are excluded. Rates including Private Security Officers F: 50%, M: 50%.

Breakdown of Managers by Gender*



*Submanager and higher titles

The basic principles and rules adopted by İşbank on equal opportunity and diversity are defined in the Human Rights and Human Resources Policy, and this Policy has been shared with the employees on the in-house portal and corporate website. The relevant Policy is carried out under the responsibility and supervision of the Deputy Chief Executive with whom the Human Resources Function is affiliated. For behaviors that are found to be in violation of the Bank's policies, the necessary disciplinary action, up to termination of the employment contract, is taken according to the applicable provisions of the Collective Labor Agreement. Where circumstances warrant legal action, the violation is brought to the attention of legal authorities. Notifications submitted to the Board of Inspectors regarding violations of the Human Rights and Human Resources Policy are handled by the Board of Inspectors in a sensitive manner. Promotion exams organized by İşbank are conducted according to the principle of equal opportunity. In the Assistant Manager promotion exam, which is the transition process to the executive level, male and female positions are equally announced based on the cultural and market information of the regions where the position is located.

The subject of diversity and inclusion is covered in the career trainings with the "Diversity and Inclusion" class. Within the scope of this class which helps us ensure the adoption of these principles, seminars and trainings are organized about diversity, inclusion and gender equality. Assistant Specialists who have just begun to work for İşbank receive a "Diversity and Inclusion" class as part of their Starting My Career Trainings, and employees who have been promoted to Senior and Assistant Manager roles also receive this class as part of their career training program.



During this class, the subjects of unconscious bias and gender equality are covered for 1 hour. 599 employees received 599 hours of training. The Bank aims to initiate a new leadership and management development program in 2022 in order to support women's development in their journey to top management levels and enhance their leadership competencies.

Various trainings and seminars are held under different programs to increase awareness among managers and manager candidates about diversity, equity and inclusion. In 2021, the seminars "Key to an Equal Future", "Inclusive Leadership" and "Violence Against Women", which aimed to raise awareness on November 25, International Day for the Elimination of Violence Against Women, were held under Management Development Conferences. Additionally, within the Branch Managers Training Catalogue, a 1-day "Inclusive Leadership" training was held. A total of 1,174 people participated in these trainings. The digital training "Ethical Principles and Operational Rules" about the Bank's ethical principles and operational rules was made available on 14.12.2021. In order to help increase awareness about the correct attitude to be displayed towards disabled people and establish a healthy communication with disabled people;

Inclusive Leadership

630

people

1,260

hours

The Bank continued to provide the trainings "Correct Approach towards Disability" and "Sign Language" in 2021 as well. These trainings were completed by employees 1,488 times in 2021.

"Diversity and Inclusion" training was held for the Head Office and Branch managers. A total of 313 managers participated in this training, which aims to raise awareness on unconscious bias, cover the subject of gender equality, and provide information about the tools and methods to be used to reduce discriminatory behaviors.

With the 2-hour training titled "The Richness of Differences: Diversity and Inclusion" included in the Training Catalogue, the subjects of gender equality and unconscious bias were covered, and a total of 90 employees participated in the training.

Gender equality is a sensitive issue that is carefully followed up in İşbank's communication activities. Therefore, in the communication activities,

- > Care is taken to ensure that a female narrator is used.
- > Roles assigned to women are carefully managed, and images that portray women as one of the most precious parts of a society are used.
- > A female-male balance is sought in casting.
- > Texts (script, social media posts, etc.) are drawn up by taking gender equality into consideration.

Women's Empowerment (WEPs-Women's Empowerment Principles)

İşbank has supported women since its foundation. The motivation behind this support is our belief that women's participation in economic life provides enrichment and is also one of the requirements of sustainable development.

İşbank has reinforced this approach by being a signatory to the WEPs. WEPs are a set of principles that represent one of the leading global private sector initiatives and aim to empower women in order to ensure their active participation in economic life across all sectors and at all levels. The WEPs, created in partnership with the UN Global Compact and the UN Gender Equality and Women's Empowerment Unit, calls on the private sector to empower gender equality efforts and to develop policies and programs in support of women in business life. As a signatory of WEPs, İşbank assumes a role in promoting and facilitating participation of women in employment.

İşbank participates in the "Activism Against Gender-Based Social Violence" campaign organized by the UN Women between 25 November - 10 December every year by illuminating the İş Towers with orange lights.

In 2021, total hours of training:

51% female, 49% male

Job applications

Male: 3,419 Female: 3,337;

Ratio of Males: 51% Ratio of Females: 49%

OHS Committees

Male: 205 Female: 141;

Ratio of Males: 59% Ratio of Females: 41%

TALENT MANAGEMENT

İşbank continuously invests in human capital. Accordingly, the Bank offers its employees opportunities to improve their skills throughout their career and prioritizes the development of future skills as a strategy. In order to develop the competencies of employees, a wide variety of training programs and learning tools personalized with state-of-the-art technologies are offered in line with the principle of equal opportunity. Supporting the continuous development of employees is also aligned with İşbank's vision of "being the bank of the future that creates sustainable value".

Newly recruited employees participate in "Starting My Career" training programs, differentiated according to the specific title and duties of participants, starting from their first day on the job. Furthermore, İşbank employees can also benefit from various trainings included in the "Training Catalogue" depending on their specific needs and preferences. As part of the Training Catalogue, more than 3,700 individual employees participated in the trainings organized in a total of 48 different topics in 2021, such as professional development, digitalization, personal development and leadership.

In order to support the competencies of the employees working in the branches; training programs were held on different subjects by considering the types of branches and roles of these employees. For retail banking sales teams at branches, new training modules were added to the "Sales Academy" by focusing on the behavior of next-gen customers and the Bank's digital solutions, and new trainings were designed for specialized areas such as foreign trade, derivative products and insurance. In 2021, more than 18,000 employees received over 80,000 hours of training as part of training programs specially designed for employees at Retail, Commercial and Corporate branches. Trainings on different subjects were also designed to support sales competencies and improve the product and services knowledge of mobile sales teams, and more than 800 employees in retail, commercial and agriculture mobile sales teams received over 6,000 hours of training. Within the design of these training programs held to support sales competencies and improve the technical knowledge of the sales teams of the Bank, the responsibilities of employees, customers' expectations and needs were taken into account. The training programs were also enriched with role plays and case studies to ensure sales teams serve the right product to the right customer. The design of these programs is based on the responsibilities of employees, customers' expectations and needs. Additionally role plays and case studies are designed.



Trainings designed as learning journeys were continued in order to support the teams starting to work on agile transformation and technical trainings and competency development programs were created to address special agile working principles according to the needs of different roles such as Team Member and Product Owner. In 2021, more than 12,000 hours of training were organized for employees with agile roles.

Various digital trainings, such as "Risk Culture in Our Bank", "Social Engineering and Phishing Attacks", "Ethical Principles and Operational Rules", and "Sustainability Training Series", were delivered in order to support all employees' awareness about the legislation and the Bank's strategic priorities.

Additionally, "Sustainable Finance and E&S Risk Management in Lending Activities" training was delivered for the employees working in designing and marketing loan products and loan allocation processes.

The module "Diversity and Inclusion" was added to various training programs, and trainings and conferences were organized on environmental and social subjects.

In 2021, 14,392 hours of training were given to 8,637 employees in order to increase awareness about sustainability-related subjects at İşbank.

The Data Analytics Development Program, which is one of the reskilling programs designed to support employees

transform and enhance their digital competencies, offers a development journey from the basic level of data literacy to advanced analytics trainings. The program is available for all employees, regardless of title and role. It is intended to help employees to gain new skills related to understanding and working with data, develop data literacy and establish a data-driven, decision-making culture. 8,350 employees enrolled in the program and received more than 70,000 hours of training in 2021.

At İşbank, management and leadership development programs consist of technical and competency-based trainings that are held for managers from different levels and designed to support the competencies required for the specific role. In 2021, 2,506 employees received 36,865 hours of training in total under the leadership development programs designed to support the next-gen leadership competencies of the Bank's managers and establish a continuous learning-driven leadership culture throughout the Bank, and the academy programs specially designed for specific business areas such as marketing, innovation, artificial intelligence and data engineering.

All employees will be able to access various on-demand learning tools such as videos, e-learning courses and games via the "Learning World" digital learning platform. In 2021, 34 new trainings were delivered via the digital learning platform "Learning World," including "Foreign Trade in Our Bank," "Primary Derivative Products," "Paperless Banking," "Digital Signature," and "Agile Working Principles," to support employees' professional and personal development. These trainings were completed 46,547 times by the employees. The 3rd season of İşGame, a game offered under the motto of "A Banking Journey" in order to increase the technical banking knowledge of employees through different training tools, began in February 2021. 1,824 employees logged in to the 3rd season of İşGame and solved 3,670,115 questions about technical banking, product details and sales techniques. In addition, the video platform İşTube contains 244 videos, including 26 new videos posted under technical and personal development titles such as "Resilience".

Performance and Learning Culture

İşbank executives are trained from within the Bank. This means that employees are also potential future executives. All employees have the opportunity to be promoted to managerial positions in line with their performance. Therefore, the Performance Management System plays a key role in İşbank's human resources practices. Thanks to the performance review process, necessary actions are taken in relation to employees' career development. In 2021,

22,050
employees were given
performance feedback.

Assessment Center Practices

The assessment center practices, which have become a part of our recruitment process, have started to be carried out online. Additionally, with the assessment practices that we use to select the system experts to join the information technologies family, İşbank was awarded the golden medal in the category of "Best Advance in Assessment Utilization to Guide Decisions" at the Brandon Hall Human Capital Management Excellence Awards 2021.





Good Corporate Citizen

Transparent and Ethical Management
Social Investments



We Take Responsibility for Transparent and Ethical Management

Preparing to celebrate its 100th year, İşbank is a bank associated with trust and dignity in the banking sector. While carrying its pioneering role to the future, the Bank adopts a transparent, fair, and accountable management structure without compromising its ethical and principled banking approach. İşbank has a management structure that complies with international standards and is intended to create value for all of its stakeholders.

Material Issues

Business Ethics, Transparency, and Reporting

- Risk Management
- Complying with Regulations
- Communication with Stakeholders
- Emergency Action Preparation and Business Continuity

Related Capital Elements

Financial Capital

Intellectual Capital

Social-Relational Capital

Risks

- Penal sanctions that may be incurred due to non-compliance with legal regulations
- Losses that may be incurred due to non-financial risks
- Operational disruptions which may be caused by inadequate stakeholder dialogue
- Risk of loss of trust with stakeholders and dismissal from relevant engagements due to failure to meet reporting and information sharing requirements

Opportunities

- The potential to maintain existing customer satisfaction and reach new customers with an ethical banking approach
- Increasing the interest of investors with an excellent reputation and brand value
- Providing added value by considering stakeholder expectations in product and service development with effective stakeholder communication
- Contributing to reputation management with transparent information sharing, gaining a competitive advantage in different performance areas

Contributed SDGs

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

KEY PERFORMANCE INDICATORS

	2019	2020	2021
Number of employees receiving Anti-Bribery and Anti-Corruption Training	7,577	7,830	5,716
Total hours of Anti-Bribery and Anti-Corruption Training	3,115	857	627
Risk Management	Number of times the Risk Committee convened: 12 Conducting loss event data analysis Completion of scenario analysis Conducting impact-probability analysis Conducting Top-Down Risk Assessment	Number of times the Risk Committee convened: 12 Number of times the Operational Risk Committee convened: 1 Conducting loss event data analysis Completion of scenario analysis Conducting impact-probability analysis Conducting Top-Down Risk Assessment	Number of times the Risk Committee convened: 11 Number of times the Operational Risk Committee convened: 2 Conducting loss event data analysis Completion of scenario analysis Conducting impact-probability analysis Conducting Top-Down Risk Assessment

Audits carried out by the Board of Inspectors

Number of domestic branch audits	245	186	175
Number of foreign branch audits	2	4	2
Number of subsidiary audits	7	10	10
Number of Head Office division audits	14	12	24*
Number of social media followers (million people)	2.6	2.7	2.6

Publishing annual integrated report

Developing cooperation with national and international initiatives

[See Initiatives Supported in the Field of Sustainability](#)


Fulfilling UNEP FI Principles of Responsible Banking commitments

[See Transparency and Reporting](#)

* Audits repeated every year are not included.



TARGETS

Targets for 2021	Realization in 2021	Realization	Targets for 2022 and Beyond
The Bank is planning to increase the number of trainings to develop the risk management skills of its employees and increase their awareness on the subject so that an effective risk management approach is widely embraced across the organization.	<p>We offered our employees the digital training "Risk Culture in Our Bank" in 2021 according to the "Guideline on Operational Risk Management" published by the Banking Regulation and Supervision Agency (BRSA), which recommends that all employees receive operational risk training as a minimum. This training is intended to teach the concept of risk and the components of risk culture, and to provide information about the activities undertaken to create a healthy risk culture at İşbank.</p> <p>The career training programs organized for employees promoted to Supervisor and Submanager roles at İşbank include the "Risk Management" class. The "Risk Management" class is included in My Career as a Specialist Training, which is organized to support the career development of employees with the title of Senior Assistant Specialist, and it is aimed to increase the knowledge and awareness level of the participants on the subject. Additionally, "Risk Management" training is provided under the Branch Manager Development Program, designed for new Branch Managers, in order to refresh the knowledge of employees and encourage them to display an effective risk management approach.</p> <p>The Risk Management and Risk Culture Seminar was organized in order to increase the level of knowledge of managers and manager candidates and enrich their vision with global examples.</p> <p>The Bank has begun to provide theoretical trainings on risk management and control facility functions to risk competency line members and product owners - the primary audience of the trainings - as per the increased needs of our agile areas in order to ensure widespread use of the Agile Risk Model, which was designed to be applied in Agile Areas.</p> <p>With these trainings, 3,584 participants received 3,546 hours of training.</p>	✓	The Bank aims to increase the number of employees to have received the digital training "Risk Culture in Our Bank". Theoretical trainings will continue to be planned for product owners and agile area employees who want to develop their competency in this area. This training will be followed by practical trainings, during which the product owner, product features and risks will be covered.
İşbank aims to complete the impact analysis studies of its portfolio in line with the UNEP FI Principles on Responsible Banking by 2024 and contribute to the studies towards sustainable development and global climate targets in line with the targets it has set.	In progress		

MANAGEMENT STRUCTURE

The Board of Directors, the highest management body of İşbank, is responsible for steering the strategies and policies of the Bank. İşbank's Board of Directors consists of 11 members, including 1 woman. Having 3 independent members*, the Board of Directors is composed of non-executive members, except for the CEO. The CEO and Chairperson of the Board of Directors roles at the Bank are assumed by different persons.

The Board of Directors has several governance committees in place to support the activities of the Board in various areas. Responsible for implementing the strategies established by the Board of Directors and led by the CEO, the Executive Committee has 13 members other than the CEO, including 2 women.

*As per the II-17.1 Corporate Governance Communiqué published on 03.01.2014, the members of the board of directors who are assigned as members of the audit committee, as part of the organization of the board of directors of banks, are considered as independent members of the board of directors.



Committees

- 1 Information Systems Strategy Committee
- 2 Audit Committee
- 3 Human Resources Committee
- 4 TRNC Internal Systems Committee
- 5 Credit Committee
- 6 Corporate Social Responsibility Committee
- 7 Corporate Governance Committee
- 8 Operational Risk Committee
- 9 Risk Committee
- 10 Sustainability Committee
- 11 Remuneration Committee
- 12 Board of Directors Operating Principles Committee

- Professional Experience
- Educational Background
- Length of Service at Current Position

★ Independent Member of the Board of Directors. Yusuf Ziya Toprak and Ersin Önder Çiftçioğlu are considered as Independent Members of the Board of Directors since they are also members of the Audit Committee.

BOARD OF DIRECTORS



ADNAN BALI
Chairperson

University (4-year college) 33 years 9 months

5 9 10 11 12

Mr. Adnan Bali was born in İslahiye in 1962 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics. He joined İşbank as Assistant Inspector on the Board of Inspectors in 1986. He became Assistant Manager in the Treasury Division in 1994 and served as a Unit Manager in the same division in 1997. He was appointed as Head of the Treasury Division in 1998. Mr. Bali served as the Manager of the Şişli Branch in 2002 and Manager of the Galata Branch in 2004; he was appointed Deputy Chief Executive on 30 May 2006 and Chief Executive Officer of İşbank on 01 April 2011.

Elected to İşbank's Board of Directors on 31 March 2021 and Chairperson of the Board of Directors on 01 April 2021, Mr. Bali has also been serving as the Chairperson of the Remuneration Committee, Risk Committee, Sustainability Committee and Board of Directors Operating Principles Committee and as a member of the Credit Committee.

Apart from his role in the Bank, Mr. Bali is also the Chairperson of Türkiye Sınai Kalkınma Bankası A.Ş., Softtech Ventures Teknoloji A.Ş., and İşbank Members' Supplementary Pension Fund.



YUSUF ZİYA TOPRAK
Vice Chairperson

University (4-year college) 44 years 1 year 9 months

2 4 5 8 9 ★

Mr. Yusuf Ziya Toprak was born in Trabzon in 1943, and graduated from Istanbul Economics and Commercial Sciences Academy, Department of Finance. Mr. Toprak started to work as an Assistant Inspector on the Board of Inspectors at İşbank in 1967. In the following years, he served as Assistant Manager and Group Manager in the Automation and Organization Divisions, as Manager in the Securities Division, and General Manager at Yatırım Finansman Securities. He was appointed as Deputy Chief Executive at İşbank in 1999.

Mr. Toprak, who has retired in 2004, continued serving as the Vice Chairperson and a Member of the Board of Directors at Şişecam until 2010.

Mr. Yusuf Ziya Toprak, who was elected as a member of İşbank's Board of Directors on 31 March 2020 and as the Vice Chairperson of the Board on 1 April 2020, also serves as the Chairperson of the Audit Committee, T.R.N.C. Internal Systems Committee and Operational Risk Committee, a member of the Risk Committee and an alternate member of the Credit Committee.



HAKAN ARAN
Member of the Board and Chief Executive Officer

Post Graduate 29 years 9 months

1 3 5 8 9

Born in Antakya in 1968, Hakan Aran graduated from the Faculty of Engineering, Computer Engineering Department of Middle East Technical University. He completed his master's degree in Business Administration at Başkent University and he currently continues his PhD studies in Banking at Istanbul Commerce University.

Beginning his career at İşbank as a Software Specialist in 1990, Mr. Aran was appointed as the Head of the Software Development Division in 2005. He was promoted to the position of Deputy Chief Executive responsible for operations, digital banking and technology in 2008 and took part in important transformation programs of the Bank. Appointed as İşbank's 17th Chief Executive Officer on 01 April 2021, Mr. Aran also serves as the Chairperson of the Credit Committee, Human Resources Committee and Information Technology Strategy Committee and as a member of the Risk Committee and Operational Risk Committee.



FERAY DEMİR
Member of the Board

University (4-year college) 33 years 5 years 9 months

5 6 7 10 11 12

Ms. Feray Demir was born in Ağrı in 1968 and graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Business Administration Department. She started her professional career as an Officer at the Sefaköy/Istanbul Branch in 1988. She was appointed as Assistant Section Head in 1990, Section Head in 1995, Sub-Manager in 1996 and as Assistant Manager in 1999 at the same branch. She then served in the same position in the Commercial Loans Division and Corporate Marketing Division at the Head Office. She was appointed as Branch Manager to the Çarşı-Güneşli/Istanbul Branch in 2005, and then served as Head of Commercial Banking Sales Division from 2007 to 2011. She served as Branch Manager of the Istanbul Corporate Branch from 2011 to 2016.

In addition to her duties at the Bank, Ms. Demir also serves as a member of the Board of İşbank Members' Supplementary Pension Fund.

Ms. Demir, who was elected to İşbank's Board of Directors on 25 March 2016, 31 March 2017 and 31 March 2020, also serves as a member of the Corporate Social Responsibility Committee, Credit Committee, Remuneration Committee, Sustainability Committee, Corporate Governance Committee and Board of Directors Operating Principles Committee.



ERSİN ÖNDER ÇİFTÇİOĞLU
Member of the Board

University (4-year college) 36 years 4 years 9 months

2 4 7 8 9 10 ★

Mr. Ersin Önder Çiftçioğlu was born in Ankara in 1960 and graduated from Hacettepe University, Faculty of Social and Administrative Sciences, Department of English Linguistics. Mr. Çiftçioğlu began his career at İşbank as an Officer in the Yenişehir/Ankara Branch in 1985, and was appointed as Assistant Section Head, Section Head, Sub-Manager and Assistant Manager in the same branch. In 2007, he was appointed as Assistant Manager at the Başkent/Ankara Corporate Branch and Regional Manager of the SME Loans Underwriting Division of the Adana Region in the same year and subsequently served as Ankara Center I. Region Manager in 2008. He was appointed as the Ege/Izmir Corporate Branch Manager in 2011 and Başkent/Ankara Corporate Branch in 2016.

Mr. Çiftçioğlu, who was elected to İşbank's Board of Directors on 31 March 2017 and 31 March 2020, also serves as the Chairperson of the Corporate Governance Committee and a member of the Audit Committee, TRNC Internal Systems Committee, Sustainability Committee, Operational Risk Committee and Risk Committee.



FAZLI BULUT
Member of the Board

Post Graduate 36 years 2 years 9 months

5 6

Mr. Fazlı Bulut was born in Pertek in 1964 and graduated from Ankara University, Faculty of Political Science, Department of Economics. He completed his master's degree in Economic Development at New Hampshire College in the USA.

Mr. Bulut served as Account Expert and Senior Account Expert at the Ministry of Finance on the Board of Account Experts from 1985 to 1997. He taught General Accounting at the College of Tourism and College of Computer Technology at Bilkent University from 1996 to 1998. Mr. Bulut served as Vice General Manager and Member of the Board of the Social Insurance Institution from 1997 to 1999. He served as Vice General Manager, General Manager and Member of the Board of Directors in Tepe Home Mobilya ve Dekorasyon Ürünleri San. Tic. A.Ş., a subsidiary of Bilkent Holding, from 1999 to 2011. He subsequently served as a consultant for Bilkent Holding on tax and retailing from 2011 to 2012, as the General Manager of B. Braun Kalyon Medikal ve Dış Ticaret A.Ş. from 2013 to 2015, and as the Coordinator of Financial Affairs in Terra İnşaat Grubu from 2016 to 2017.

Mr. Bulut has also published books on various subjects. Mr. Bulut, who was elected to the İşbank Board of Directors on 29 March 2019 and 31 March 2020, also serves as a member of the Corporate Social Responsibility Committee and as an alternate member of the Credit Committee.



DURMUŞ ÖZTEK
Member of the Board

Post Graduate 46 years 1 year 9 months

6 12

Mr. Durmuş Öztek was born in Sivas, Şarkışla in 1953 and graduated from Ankara University Faculty of Political Sciences, Department of Economics and Finance. He completed his master's degree in Economics at Vanderbilt University in the USA.

Mr. Öztek served as a Finance Auditor between 1975-1986 in the Ministry of Finance. In the following years, he served as Division Head, Deputy General Manager and General Manager in the General Directorate of Budget and Financial Control; Chief Auditor and Member of the Financial Advisory Committee in the Ministry of Finance; Auditor in Turk Telekom, Member of the General Committee in the Council of Higher Education, Financial Counselor in the Turkish Embassy in Brussels. He served as a Ministry Counselor in the Ministry of Finance between 2006-2011.

Mr. Öztek, who was elected to the İşbank Board of Directors on 31 March 2020, serves as a member of the Corporate Social Responsibility Committee and the Board of Directors Operating Principles Committee.



RECEP HAKAN ÖZYILDIZ
Member of the Board

Post Graduate 43 years 1 year 9 months

Mr. Recep Hakan Özyıldız was born in Bursa in 1956 and graduated from Ankara University Faculty of Political Sciences, Department of Economics and Finance. He completed his master's degree in Economics at Northeastern University in the USA.

Mr. Özyıldız started to work at the Ministry of Treasury and Finance as an Assistant Treasury Specialist in 1978. In the following years, he served as Branch Manager at the Undersecretary of Treasury and Foreign Trade and the General Directorate of Banking and Foreign Exchange; Division Head, Deputy General Manager and General Manager at the General Directorate of Public Finance under the Ministry of Treasury and Finance; Auditor at İşbank, General Manager of the State Economic Enterprises in the Treasury, Senior Advisor of Economics in the Turkish Embassy in London and Assistant Undersecretary in the Ministry of Treasury and Finance.

Mr Özyıldız, who is also a columnist and commentator, continues to serve as a part-time academic tutor in Ankara University, Faculty of Political Sciences.

Mr. Özyıldız was elected to the İşbank Board of Directors on 31 March 2020.



MUSTAFA RIDVAN SELÇUK
Member of the Board

Post Graduate 43 years 1 year 9 months

Mr. Mustafa Ridvan Selçuk was born in Malatya in 1955, and graduated from Ankara University, Faculty of Political Sciences, Department of Economics and Finance. He received his master's degree in Economics from Vanderbilt University in the USA.

Mr. Selçuk started his career in the Ministry of Finance in 1978 as an Assistant Account Expert. In the following years, he served as Account Expert, Senior Account Expert, Division Head in the General Directorate of Revenues, General Manager and Chairperson of Bağkur in the Ministry of Labor and Social Security, Labor and Social Security Advisor in the Turkish Embassy in Copenhagen and as Ministry Advisor in the Ministry of Finance.

Mr. Selçuk, who has also served as a Certified Public Accountant since 2003, is an Independent Auditor at BDD Bağımsız Denetim ve Danışmanlık A.Ş., and a partner at Girişim YMM Limited Şti.

Mr. Selçuk was elected to the İşbank Board of Directors on 31 March 2020.



AHMET GÖKHAN SUNGUR
Member of the Board

Post Graduate 29 years 1 year 9 months



Mr. Ahmet Gökhan Sungur was born in Yozgat in 1953. He graduated from Middle East Technical University, Department of Chemical Engineering and received his master's degree from the same department. Mr. Sungur, who started his career in 1975 at the General Institute of Mineral Research and Exploration, Department of Technology, as Chief Specialist Chemical Engineer, worked in Hisarbank and Güntekin İnşaat A.Ş. as a System Analyst between 1981-1982. Later, between 1982-1999, he served as Manager of Software Development at İşbank and Chief Executive Officer at İş Net A.Ş. between 1999-2003.

Mr. Sungur was elected as an Independent Member of the İşbank Board of Directors on 31 March 2020.



SADRETTİN YURTSEVER
Member of the Board

University (4-year college) 28 years 1 year 9 months

6 7

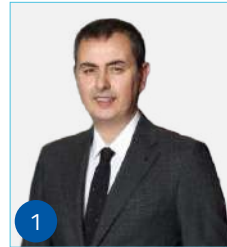
Mr. Sadrettin Yurtsever was born in Bingöl in 1964 and graduated from Gazi University, Faculty of Education, Department of English Language Education. Mr. Yurtsever, who started his career at İşbank as a candidate officer in the İzmir Branch in 1993, served in the same branch as Section Head and Sub-Manager. He served as Assistant Manager in the SME Loans Underwriting Division of the Denizli Region in 2006, İzmir Central II. Region Sales Division Assistant Regional Manager in 2007, Regional Manager in the same division in 2011, Branch Manager of the Bornova/İzmir Commercial Branch in 2013 and the Mediterranean/Antalya Corporate Branch in 2018.

Mr. Yurtsever, who was elected to the İşbank Board of Directors on 31 March 2020, serves as a member of the Corporate Governance Committee and the Corporate Social Responsibility Committee.



EXECUTIVE COMMITTEE

1 Born in Antakya in 1968, Hakan Aran graduated from the Faculty of Engineering, Computer Engineering Department of Middle East Technical University. He completed his master's degree in Business Administration at Başkent University and he currently continues his PhD studies in Banking at Istanbul Commerce University.



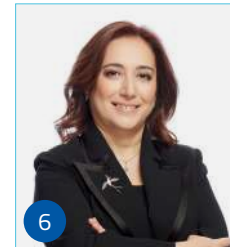
HAKAN ARAN
Member of the Board
and Chief Executive
Officer



ŞAHISMAIL ŞİMŞEK
Deputy Chief Executive

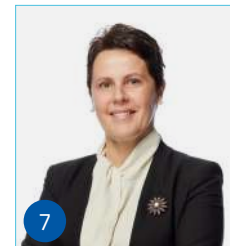
5 Born in Erzurum in 1968. Mr. Şahismail Şimşek graduated from Ankara University, Faculty of Political Science, Department of Finance. He joined İşbank as an Officer at the Yenişehir/Ankara Branch in 1992, and served in different units and branches of İşbank. Mr. Şimşek was appointed as Deputy Chief Executive on 28 November 2017.

6 Born in Ankara in 1971. Ms. Ebru Özşuca graduated from the Economics Department of Middle East Technical University, Faculty of Economics and Administrative Sciences. She also holds a master's degree from the Economics Department of the Graduate School of Social Sciences at Middle East Technical University and completed her master's degree in International Banking and Finance from the University of Southampton in the UK in 1998. She attended the Advanced Management Program at Harvard Business School in 2015. She joined İşbank as an Assistant Specialist at the Treasury Division in 1993. Ms. Özşuca served in different units of İşbank and was appointed as Deputy Chief Executive on 28 November 2017.



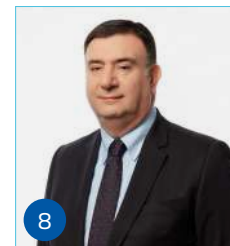
EBRU ÖZŞUCA
Deputy Chief Executive

7 Born in Ankara in 1971. Ms. Gamze Yalçın graduated from the Economics Department of Middle East Technical University, Faculty of Economics and Administrative Sciences. She also holds a master's degree in International Banking and Finance from the University of Birmingham in the UK. She attended the Advanced Management Program at Harvard Business School in 2017. She joined the Organization Division at İşbank as an Assistant Specialist in 1993 and served in different units of İşbank. Ms. Yalçın was appointed as Deputy Chief Executive on 28 November 2017. Ms. Yalçın also serves as İşbank's Sustainability Leader.



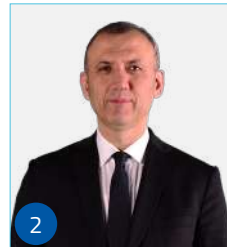
GAMZE YALÇIN
Deputy Chief Executive

8 Born in Ankara in 1967. Mr. Cahit Çınar graduated from the International Relations Department of Ankara University, Faculty of Political Science. He attended Munich Ludwig-Maximilians University between 1989-1990. He began his career at İşbank as an Assistant Specialist in the Economic Research Division in 1991 and joined the Board of Inspectors as an Assistant Inspector in 1992. He served in different units of İşbank and the Güneşli Corporate Branch and served as Chief Executive Officer at İşbank AG, a subsidiary of İşbank located in Germany. Mr. Çınar was appointed as Deputy Chief Executive of İşbank on 5 October 2018.



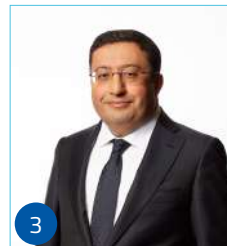
H. CAHİT ÇINAR
Deputy Chief Executive

2 Born in Izmir in 1965. Mr. Yalçın Sezen graduated from the Political Sciences and Public Administration Department of Middle East Technical University, Faculty of Economics and Administrative Sciences. In 1987, Mr. Sezen joined İşbank as an Assistant Inspector on the Board of Inspectors. He served in different units of İşbank and was appointed as Deputy Chief Executive on 13 April 2011.



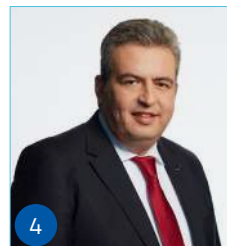
YALÇIN SEZEN
Deputy Chief Executive

3 Born in Ankara in 1968. Mr. Murat Bilgiç graduated from the International Relations Department of Middle East Technical University, Faculty of Economics and Administrative Sciences. He also holds a master's degree in Money-Banking-Finance from the University of Birmingham. He attended the Advanced Management Program at Harvard Business School. In 1990, Mr. Bilgiç joined İşbank as an Assistant Inspector on the Board of Inspectors. He served in different units of İşbank and was appointed as Deputy Chief Executive on 25 March 2016.



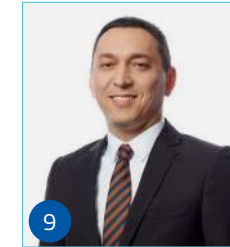
MURAT BILGIÇ
Deputy Chief Executive

4 Born in Ankara in 1970. Mr. N. Burak Seyrek graduated from the International Relations Department of Ankara University, Faculty of Political Sciences. He joined İşbank in 1990 as Assistant Specialist in the Training Division. He served in different units and branches of İşbank and also served as Chief Executive Officer at İşbank AG, a subsidiary of İşbank located in Germany. Mr. Seyrek was appointed as Deputy Chief Executive of İşbank on 25 March 2016.



N. BURAK SEYREK
Deputy Chief Executive

9 Born in Adana in 1974. Mr. Ozan Gürsoy graduated from the Public Administration Department of Middle East Technical University, Faculty of Economic and Administrative Sciences. He also holds a master's degree in International Banking and Finance from the University of Birmingham in the UK. He joined İşbank as an Assistant Inspector on the Board of Inspectors in 1996. Throughout his career, Mr. Gürsoy served in various units of İşbank and the Gebze Corporate Branch of the Bank and was appointed as Deputy Chief Executive of İşbank on 26.08.2019.



OZAN GÜRSOY
Deputy Chief Executive

10 Born in Kircaali in 1975. Mr. Sezgin Yılmaz graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Economics. Mr. Yılmaz started his career as an Officer at the Bursa Branch in 1997. Mr. Yılmaz served in various units and branches of İşbank and was elected to the İşbank Board of Directors on 29 March 2019. Mr. Yılmaz was appointed as Deputy Chief Executive of İşbank on 26.08.2019.



SEZGIN YILMAZ
Deputy Chief Executive

11 Born in Trabzon in 1976. Mr. Sezgin Lüle graduated from the Industrial Engineering Department of Boğaziçi University's Faculty of Engineering in 1998. He completed his master's degree in International Banking and Finance at the University of Birmingham in 2004.



SEZGIN LÜLE
Deputy Chief Executive

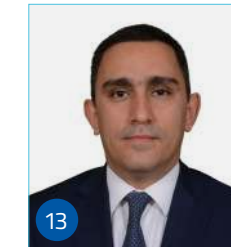
Mr. Lüle began his career in the Organization Division of İşbank as an Assistant Organization and Method Specialist in 1998 and became an Assistant Inspector on the Board of Inspectors in 1999. He served as Assistant Manager and Unit Manager at the Board of Project and Change Management between 2008 and 2011 and became the Head of the Enterprise Architecture Division in April 2017. He attended the Advanced Management Program at Harvard Business School in 2019. Mr. Lüle was appointed as Deputy Chief Executive on 28 January 2021.



SABRİ GÖKMENLER
Deputy Chief Executive

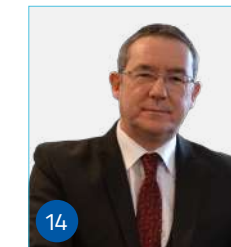
12 Born in Ankara in 1968. Mr. Sabri Gökmenler graduated from the Computer Engineering Department of Middle East Technical University in 1991 and completed his master's degree in the same department in 1995.

Mr. Gökmenler, who began his career at İşbank in 1991 as a Software Specialist, served in Softtech, a subsidiary of İşbank, from 2004 to 2008. He became the Head of the IT Architecture & Security Management Division of İşbank in 2008 and Head of the Information Technologies Division in 2012. Mr. Gökmenler attended the Advanced Management Program at Harvard Business School in 2018 and was appointed as Deputy Chief Executive on 28 January 2021.



CAN YÜCEL
Deputy Chief Executive

Born in Ankara in 1978. Mr. Can Yücel graduated from the Economics Department of Middle East Technical University, Faculty of Economics and Administrative Sciences and began his career at İşbank as an Assistant Inspector on the Board of Inspectors in 1999. He served as Assistant Manager in the SME Loans Underwriting Division in 2008, as Assistant Manager in the Corporate Loans Underwriting Division in 2009. He was appointed as Unit Manager in the same division in 2011 and as the Head of the Corporate Loans Underwriting Division in 2016. Mr. Yücel became Branch Manager of the Başkent Corporate/Ankara Branch in 2020 and was appointed as Deputy Chief Executive on 26 August 2021.



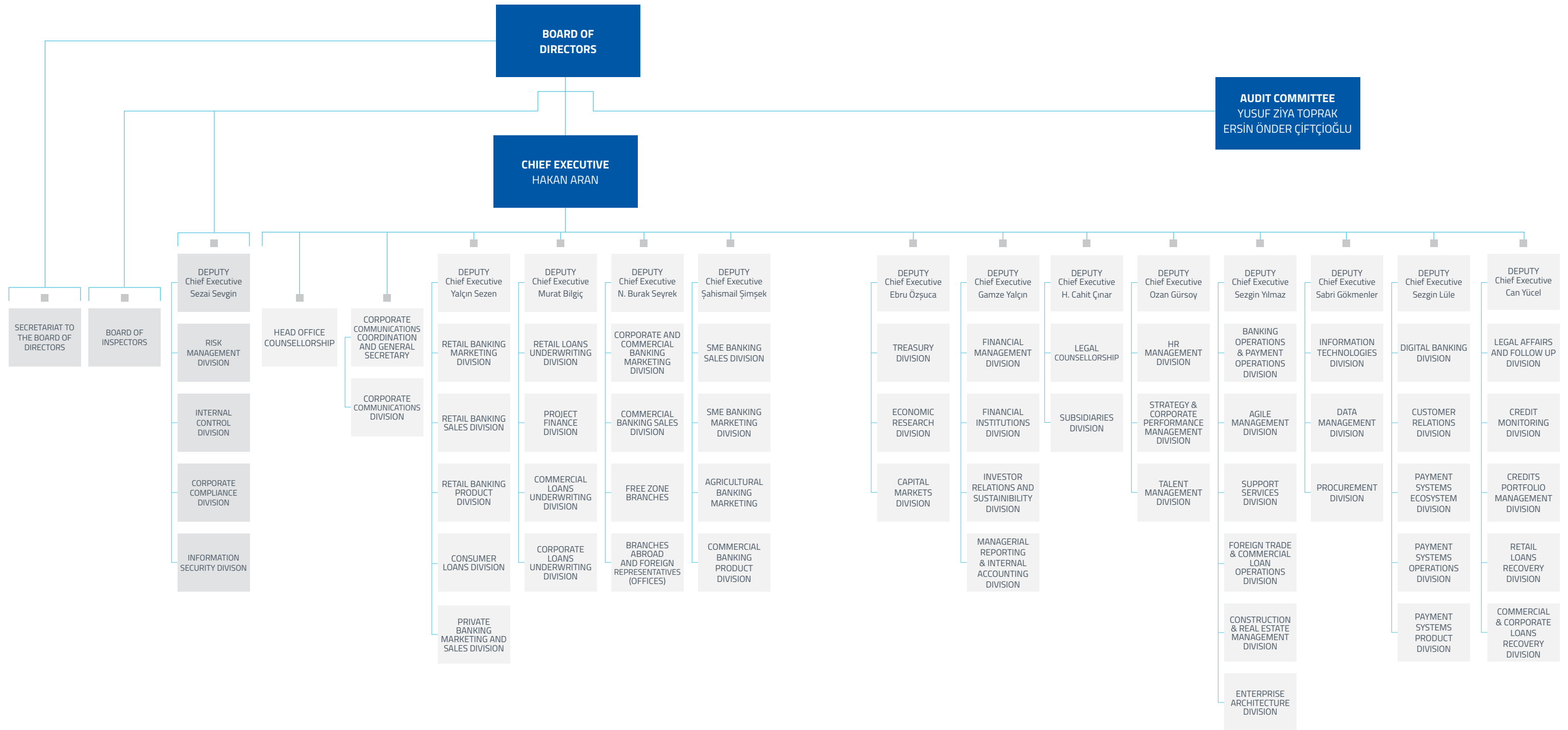
SEZAI SEVGİN
Deputy Chief Executive

Born in Istanbul in 1968. Mr. Sezai Sevgin graduated from Marmara University, Faculty of Economics and Administrative Sciences.

On 31 July 1990, he began his career at İşbank as an Assistant Inspector on the Board of Inspectors. He became the Branch Manager at İşbank AG Succursale de Paris on 28 May 1998. He was appointed as the Unit Manager in the Corporate Banking Marketing Division on 02 July 2004, and Head of the SME and Commercial Banking Marketing Division on 28 March 2007. He became the Branch Manager of the Gebze Corporate Branch on 13 April 2011 and Maslak Corporate/Istanbul Branch on 28 February 2013. He was appointed as the General Manager of Bayek Healthcare Group, one of İşbank's domestic subsidiaries, on 29 December 2015. Mr. Sevgin was appointed as Deputy Chief Executive of İşbank on 28 December 2021.



ORGANIZATION CHART*



Last revised on Jan 27, 2022



INFORMATION ABOUT the MEETINGS of the BOARD of DIRECTORS

In İşbank, the Board meetings are held at least once a month, yet interim meetings might be held in case of need. Meeting agendas are prepared in accordance with the proposals of Head Office divisions. Moreover, various reports requested by the Board of Directors from the Bank management and off the agenda topics put forward by the Board members are discussed during the meetings. Meeting agenda and related documents are distributed to the Board members in a particular time before the meetings.

By the end of 2021, 13 Board meetings were held and 12 of them were held by full participation. 708 pages of minutes were recorded for the said meetings, which lasted 60 hours in total. As of 2021 year-end a total of 337 files were reviewed, which split as 230 files for loan underwriting and 107 files on other issues regarding loans; based on the work carried out by convening meetings or by individual review and signing of the file by each Board Member, which resulted in 232 loan decisions. A total of 332 files were reviewed on non-credit matters and 332 resolutions were taken. Consequently, 775 Board resolutions were made in 2021, including 211 those that were passed during the meetings.

İŞBANK COMMITTEES

Assessments on İşbank Committees

İşbank committees presented their decisions and reports to Board of Directors in 2021, and the necessary decisions have been taken as a result of the assessment of Board of Directors.

The Audit Committee

The Audit Committee, which consist of two members and was reconstituted by the resolution of the Board of Directors dated 29.5.2020 and Nr. 43822 is chaired by Mr Yusuf Ziya Toprak, Vice Chairperson of the Board of Directors. The other member of the Committee is Mr. Ersin Önder Çiftçioğlu, member of Board of Directors.

Pursuant to its working principles, Audit Committee is responsible for holding meetings at least twice a year provided that six- month periods are not exceeded, and it is obligated to inform the Board of Directors about the results of the activities it carried out and measures to be taken based on these results and about necessary practices to be implemented. Moreover the Audit Committee is obligated to provide its recommendations regarding other issues that are deemed significant for the Bank in order to carry out its activities safely. Audit Committee works in collaboration with the Remuneration Committee and the Risk Committee.

The Audit Committee is in charge of:

- ensuring that the internal systems of the Bank function efficiently and sufficiently, that these systems and the accounting and reporting systems operate within the framework of the related regulations and the Bank’s policies and that the information produced has integrity,
- making preliminary assessment necessary to select independent audit firms, rating, valuation and support service institutions; regularly monitoring the activities of these institutions selected by the Board of Directors; evaluating them periodically within the context of the provisions of the legislation; providing information to the Board of Directors,
- reviewing the assessments of the independent audit firms, evaluating independent audit results, and making discussions with the independent auditors,
- informing the Board of Directors about findings of the independent auditors and internal systems divisions, and about measures taken by the top management and by the units reporting to the top management,
- ensuring that the internal audit functions of subsidiaries that are subject to consolidation are coordinated in line with the related regulations,
- receiving information and reports about internal systems and functioning of divisions within the scope of internal systems, their operations including consolidated risks, and about related policies and regulations,
- ensuring that the financial reports of the Bank are issued in conformity with relevant legislations, regulations and standards,
- making assessments in order to ensure whether or not required procedures and principles have been implemented for detecting, measuring, monitoring and controlling potential and existing risks incurred by the Bank; ensuring that risk framework and risk culture, in line with the Bank’s structure and operations, are established within the Bank,
- ensuring that internal capital adequacy evaluation process (ICAAP) includes all risks in a consolidated manner, auditing and control processes are established to provide required assurance about its adequacy and accuracy,
- evaluating professional education levels and competency of managers and personnel assuming duties in divisions within the scope of internal systems; making suggestions to the Board of Directors for the selection of managers, as well as presenting opinion to the Board of Directors during their dismissal,
- establishing communication channels to make sure that information will be provided directly to the Audit Committee or to the internal audit unit or to the Bank inspectors in case of Bank fraud.

- if required, gathering information, documents or reports from all Bank units, support service contractors and independent auditors and being subject to Board approval, receiving consultancy from those who are specialists in their respective fields,
- reporting to and informing the Board about the results of its own operations, the measures needed to be taken in order for the Bank’s operations to be within the framework of the related legislation and Bank policies in a continuous and secure way and its evaluation, opinion and recommendation on any other issues that are deemed to be important,
- fulfilling other responsibilities determined by the related legislations and the duties given by the Board within this framework.

As of the end of 2021, Audit Committee held 57 meetings with full participation and adopted 88 resolutions.

Turkish Republic of Northern Cyprus (TRNC) Internal Systems Committee

TRNC Internal Systems Committee is established within the framework of TRNC Banking Law and related regulations. The Committee which was reconstituted, has two members and as per the resolution of the Board of Directors, dated 29.05.2020, Nr. 43823 the Committee is chaired by Mr. Yusuf Ziya Toprak, the Vice Chairperson of the Board of Directors. The other member of the committee is Mr. Ersin Önder Çiftçioğlu who is a member of the Board.

The Committee holds meetings at least twice a year provided that a six month period is not exceeded and informs the Board of Directors on the results of its own activities, its opinion on the measures needed to be taken and the necessary practices to be implemented by the branches, that operate under TRNC office, and other important issues in order for these branches to operate in a secure way.

TRNC Internal Systems Committee is responsible for ensuring the efficiency and sufficiency of the internal systems provided by the Bank in relation to the operation of the branches, that operate under TRNC office; ensuring the operation of the internal systems, accounting and reporting systems in line with the law and related regulations and ensuring the integrity of the produced information; carrying out the preliminary assessment of independent audit firms and other companies providing services directly related to other banking operations to be selected by the Board; and monitoring regularly and coordinating these companies that are selected and contracted by the Board.

As of 2021 year-end, TRNC Internal Systems Committee held meetings 9 times with full participation of the members and took 9 resolutions.

Credit Committee

In İşbank, Credit Committee makes resolutions on credit allocation within its authorization limit, makes decisions on demands to change the credit allocation conditions within its authorization limit and carries out other assignments regarding credits given by the Board.

Credit Committee consists of three members; one of them is the Chief Executive Officer or Deputy Chief Executive, who is also the chairperson of the Committee and two members from the Board of Directors. Two alternate Committee Members are also designated who will stand if need arises.

As the loan proposal files are presented, the Committee makes decision on the credit allocation with consensus, after each Committee Member examines and signs the files. Resolutions of the Credit Committee which have unanimous backing are executed directly while resolutions made on a majority basis are executed following the approval of the Board of Directors.

By the end of 2021, by the evaluation of 105 files under the authority of the Credit Committee, 83 resolutions were adopted with full participation of the members.

As per the resolution of the Board of Directors, dated 01.04.2021, Nr. 44435, Chief Executive Officer, Mr. Hakan Aran is the Chairperson of the Committee and regular member, Chairperson of the Board of Directors Mr. Adnan Bali and member of the Board of Directors Ms. Feray Demir are the Credit Committee members. Mr. Yusuf Ziya Toprak, Vice Chairperson of the Board of Directors and Mr. Fazlı Bulut, member of the Board of Directors are alternate members of the Credit Committee.

Credit Revision Committee

Being one of the committees of the Board of Directors, the Credit Revision Committee is constituted every year as per the article of the context of Bank’s Credit Risk Policy put in effect. The Committee holds meetings at least once a year within the framework of the principle of reviewing the loan portfolio, evaluating the relations with credit customers at the end of the year and revising, when necessary, the credit limits allocated to the said persons and corporations for the following year.

Credit Revision Committee, composed of Ms. Füsun Tümsavaş, the Chairperson of the Board of Directors, and Mr. Yusuf Ziya Toprak, the Vice Chairperson of the Board of Directors, Ms. Feray Demir, Mr. Ersin Önder Çiftçioğlu and Mr. Sadrettin Yurtsever who are members of the Board of Directors as per the Board of Directors’ resolution dated 21.12.2020, Nr. 44157 for the year 2021; has completed its analyses and evaluations regarding certain firms and groups under the authorization of Board of Directors and Credit Committee on 05.03.2021.



As per the Board of Directors' resolution dated 31.12.2021 with no. 44974, the Credit Revision Committee has been re-elected to consist of the following members for 2022: Mr. Adnan Bali, Chairperson of the Board of Directors; Mr. Yusuf Ziya Toprak, Deputy Chairperson of the Board of Directors; and Board Members Ms. Feray Demir, Mr. Ersin Önder Çiftçioğlu and Mr. Sadrettin Yurtsever.

Corporate Governance Committee

The Corporate Governance Committee was established to monitor İşbank's compliance with the corporate governance principles, make improvements in corporate governance practices and suggestions to the Board, and fulfill the tasks of the Corporate Governance Committee and Nomination Committee as set out in the applicable legislation. The Committee consists of a chairperson and three members. As per the resolution dated 01 April 2021 with no. 44438, Board Member Mr. Ersin Önder Çiftçioğlu was elected as the Committee Chairperson, while Board Members Ms. Feray Demir and Mr. Sadrettin Yurtsever and the Head of the Investor Relations and Sustainability Division Ms. Neşe Gülden Sözdinler were elected as Committee Members.

As of year-end 2021, the Corporate Governance Committee held 4 meetings with the full attendance of its members and took 3 decisions.

Sustainability Committee

The Sustainability Committee was established to develop the Bank's sustainability strategy and policies and submit them to the Board of Directors for approval, to set out the sustainability targets and action plans and ensure coordination within the Bank for their implementation, to ensure that sustainability issues are incorporated in the Bank's strategic business plans, to monitor progress of the metrics and targets, and to perform other similar tasks. The Committee is the highest authority responsible for sustainability activities in the Bank. In accordance with the Board's resolution dated 24.12.2020 with no. 44176, the Committee consists of one chairperson and fourteen members. The Committee Chairperson is Mr. Adnan Bali, and the Committee Members are Ms. Feray Demir, Mr. Ersin Önder Çiftçioğlu, Ms. Gamze Yalçın, Mr. Yalçın Sezen, Mr. Murat Bilgiç, Mr. N. Burak Seyrek, Mr. Şahismail Şimşek, Mr. Ozan Gürsoy, Mr. Sezgin Yılmaz, Mr. Sabri Gökmenler, Mr. Sezai Sevgin, Mr. Suat E. Sözen, Mr. Hürdoğan Irmak and Ms. Neşe Gülden Sözdinler.

As of year-end 2021, the Sustainability Committee held 4 meetings with the full attendance of its members and took 4 decisions.

Remuneration Committee

The Remuneration Committee was established to perform functions and activities related to monitoring and controlling the remuneration policies of İşbank on behalf of the Board of Directors. The Committee has two members, and as per the resolution of the Board dated 01 April 2021 with no. 44437, Chairperson of the Board of Directors Mr. Adnan Bali was elected as Committee Chairperson and Board Member Ms. Feray Demir was elected as Committee Member.

The Remuneration Committee convenes at least four times a year, not to exceed three months between two meetings, and submits to the Board of Directors the results of its activities and its opinions regarding other issues deemed important.

Within the framework of compliance to Corporate Governance Principles, the Remuneration Committee is responsible for monitoring and checking policies related to remuneration management on behalf of the Board of Directors, and ensuring that remuneration is in compliance with the Bank's ethical values, internal balances and strategic goals. The Committee is also responsible for evaluating remuneration policy and practices within the framework of risk management; reviewing the remuneration policy and submitting proposals as required to the Board of Directors, as well as fulfilling other responsibilities set out in applicable legislation and the tasks assigned to it by the Board of Directors within this framework.

As of year-end 2021, the Remuneration Committee held 7 meetings with full attendance of its members and took 10 decisions.

Board of Directors Operating Principles Committee

The Board of Directors Operating Principles Committee was established as per the Board's resolution dated 30 September 2021 with no. 44745. The Committee is chaired by Mr. Adnan Bali, Chairperson of the Board of Directors, with the other members being Board Members Ms. Feray Demir and Mr. Durmuş Öztek.

The Board of Directors Operating Principles Committee is responsible for submitting its findings, opinions and recommendations regarding the interpretation and implementation of applicable legal provisions, including especially the İşbank Board of Directors Working Principles and Procedures and the Directions on İşbank Board of Directors Working Principles.

Risk Committee

The Risk Committee is responsible for articulating the risk management strategies and policies to be adhered to by İşbank both on a consolidated and unconsolidated basis, submitting them to the Board of Directors for approval and monitoring their implementation. The Committee is the common communication platform with the Bank's Executive divisions for assessing the risks the Bank is exposed to, making suggestions about the actions to be taken and approaches to be followed. The Committee's principal duties include the following:

- Preparing the risk strategies and policies and submitting them to the Board for approval.
- Monitoring effective use of the outputs of the internal capital adequacy assessment process in the planning and decision-making processes of the Bank.
- Discussing and deciding on the issues raised by the by the Risk Management Division.
- Recommending the level of risk limits for exposures/possible exposures to the Board, monitoring violations of these limits and making recommendations regarding elimination of such violations to the Board.
- Recommending changes in the risk policies to the Board.
- Monitoring the risk management processes, i.e. risk identification, definition, measurement, assessment, control and reporting processes carried out by the Risk Management Division.
- Monitoring the accuracy and reliability of the risk measurement methodologies and their results.
- Suggesting proposals regarding articulation and amendment of the Bank's risk appetite statement to the Board.
- Taking measures to establish a risk culture in the Bank, creating processes to fulfill the responsibility of supervision, understanding all of the risks arising from the activities of the Bank and supervising the integration of these risks to the risk management system of the Bank.

Committee members: Chairperson of the Board of Directors and Risk Committee: Adnan Bali

Deputy Chairperson of the Board of Directors and Chairperson of the Audit Committee: Yusuf Ziya Toprak

Chief Executive Officer and Chairperson of the Credit Committee: Hakan Aran

Board Member: Ersin Önder Çiftçioğlu

Deputy Chief Executive: Murat Bilgiç

Deputy Chief Executive: Gamze Yalçın

Deputy Chief Executive and Chairperson of the

Asset-Liability Management Committee: Ebru Özşuca

Deputy Chief Executive Responsible for Internal Systems:

Sezai Sevgin

Head of the Corporate Compliance Division: Süleyman H. Özcan

Head of the Internal Control Division: H. Umut Togay

Head of the Risk Management Division: Hürdoğan Irmak

The Risk Committee contributes to the development of group risk policies also through consolidated group meetings with the participation of the Bank's financial and non-financial subsidiaries. The Deputy General Manager responsible for the Subsidiaries Division and the Head of Subsidiaries Division also attend the activities that the Risk Committee carries out on a consolidated basis.

During 11 online meetings held in 2021 by the Risk Committee with full attendance of its members, the risk management activities of İşbank and its subsidiaries under the Consolidated

Risk Policies were evaluated, the risk reports presented to the Committee were reviewed, and 30 decisions were made regarding the risk management systems and processes.

Operational Risk Committee

The Operational Risk Committee, which was established by the Board decision dated 30.04.2020 with no. 43790, operates to determine the strategies and policies for managing operational risks that the Bank may be exposed to, improve the operational risk management framework, and strengthen the governance model regarding operational risks. The Committee meets at least twice during a calendar year, and the members are listed below.

Deputy Chairperson of the Board of Directors, Chairperson of the Audit Committee, and Chairperson of the Operational Risk Committee: Yusuf Ziya Toprak,

Chief Executive Officer: Hakan Aran

Board Member: Ersin Önder Çiftçioğlu

Deputy Chief Executive: Ozan Gürsoy,

Deputy Chief Executive: Sezgin Yılmaz,

Deputy Chief Executive: Sezgin Lüle,

Deputy Chief Executive: Sabri Gökmenler,

Deputy Chief Executive Responsible for Internal Systems:

Sezai Sevgin

Chairperson of the Board of Inspectors: Gürler Özkök

Head of the Corporate Compliance Division: Süleyman H. Özcan,

Head of the Internal Control Division: H. Umut Togay,

Head of the Risk Management Division: Hürdoğan Irmak,

Head of the Information Security Division: Bülent Akdemir,

Unit Manager of the Risk Management Division: Burcu Nasuhoğlu

The Committee works in collaboration with the Risk Committee and reports operating results to the Board through the Audit Committee.

As of year-end 2021, the Operational Risk Committee had 2 online meetings with the attendance of all members and took 6 decisions during the year.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was established as per the Regulation on Corporate Social Responsibility Practice which was adopted with the resolution of the Board. Its members include Board Members Feray Demir, Fazlı Bulut, Durmuş Öztek (as of 01.04.2020) and Sadrettin Yurtsever (as of 01.04.2020); Deputy Chief Executives Yalçın Sezen and Can Yücel (as of 30.09.2021); Corporate Communications Coordinator and General Secretary Suat Sözen, and Head of the Corporate Communications Division Gül Meltem Atılgan.

The Corporate Social Responsibility Committee convenes at regular intervals depending on the agenda. As of year-end 2021, the Committee held 7 meetings and took 10 positive advice decisions.



INFORMATION on RISK MANAGEMENT POLICIES APPLIED PER RISK TYPES

Besides banking activities, the financial and non-financial risks which the Group is exposed to as a whole need to be analyzed, monitored and reported in accordance with banking-specific risk management principles and the Group's perspective of risk management. This is more than just a legal reporting requirement that needs to be addressed; it has become an industry standard for corporate governance.

The Bank's risk management process, which is organized around risk management regulations and helps establish a common risk culture across the organization, has been designed to prioritize "good corporate governance", ensure segregation of units responsible for monitoring and controlling risk from executive functions, identify risks in accordance with international regulations, and facilitate measurement, analysis, monitoring, reporting and control functions.

The risk management process and the functions involved in this process are among the top responsibilities of the Board of Directors. The Risk Management Division, which acts through the Risk Committee and forms a functional constituent of the risk management function in collaboration with the Bank Credit Committee and the Asset & Liability Management Committee, not only carries out activities related to regulatory and internal capital adequacy to ensure compliance with the Basel framework in line with the international best practices, but also develops and validates risk measurement methodologies and optimizes the capital adequacy management process.

Capital Adequacy Policy

The Capital Adequacy Policy sets out the principles and procedures that need to be adhered to when defining the level of capital, on a consolidated and unconsolidated basis, that the Bank must hold against potential losses which might arise from financial risks associated with on- and off-balance sheet items, in addition to non-financial risks caused by the Bank's operations; and maintaining and monitoring that level of capital by taking into consideration the minimum capital levels determined in accordance with the regulations and the internal capital adequacy assessment process (İSEDES). This Policy is an integral part of the Risk Policies.

Credit Risk Policy

Credit risk is defined as the possibility with which the Bank may incur losses due to inexecution, whether partially or fully, of the obligations of a counterparty under an agreement with the Bank by failing to meet the requirements of such agreement in a timely manner. The Credit Risk Policy sets the methodology and responsibilities for management, control and monitoring of credit risk as well as other factors related to credit risk limits. İşbank identifies, measures and manages

the credit risks associated with all of its products and activities by taking into consideration the transactions defined as credit in article 48 of the Banking Law. The Board of Directors reviews the Bank's credit risk policies and strategies on an annual basis at a minimum. The General Manager and Deputy General Managers and the Division Managers involved in loan processes are responsible for implementing the credit risk policies approved by the Board of Directors.

İşbank's credit risk profile is regularly monitored. Current trends of risk indicators and changes in these indicators are reported to senior management at regular intervals. It is essential that concentration of credit risks is avoided. Concentration risk of the credit portfolio is monitored by maintaining a balanced combination of revenue, risk and capital cost. For this purpose, the Board of Directors adheres to credit risk limits which can be set per debtor, sector, type of loan, collateral, country, maturity, currency etc.

In managing credit risk, İşbank implements internal risk limits specified by the Board of Directors that restrict the maximum credit risk to be undertaken by the Bank based on parameters such as risk groups and sectors, in addition to the credit risk limits that are mandated by legal regulations. These internal limits are determined in a way that does not lead to concentration of credit risks.

The Bank also utilizes credit decision support systems for credit risk management. The Bank ensures that the credit decision support systems and artificial intelligence applications have the capability to enable monitoring of credit risks on a portfolio basis, calculating expected and unexpected losses and correctly evaluating credit risk in pricing, performance management, sales and marketing processes. The risks that the Bank may be exposed to in connection with any models in use are assessed and managed according to the principles and procedures described in the Model Risk Management Policy.

Asset and Liability Management Risk Policy

Asset-liability management risk is defined as the risk with which the Bank may incur losses due to failure to effectively manage all financial risks of the Bank arising from its assets, liabilities and off-balance sheet transactions. Market risk of the trading portfolio, structural interest rate risk of the banking portfolio, and liquidity risk are all addressed within the scope of asset and liability management risk.

All principles and procedures related to the creation and management of the Bank's asset-liability structure and the "Risk Appetite Framework" for the capital to be allocated are established by the Board of Directors. The top priority is to maintain the asset-liability management risk within the limits

set out in the legislation as well as the internal risk limits.

Within the Bank's risk appetite framework, risk tolerance levels which aim to put a cap on the amount of risk undertaken by the Bank are determined by the Board of Directors for each risk type on both a unconsolidated and consolidated basis. In this process, liquidity, target income level, and general expectations about the risk factors are taken into consideration.

The Board of Directors and Audit Committee are obliged to monitor and ensure optimized use of the Bank's capital. For this purpose, they are responsible for checking the risks against the limits and taking actions as necessary.

The Asset-Liability Management Committee is responsible for managing asset-liability risk in accordance with the risk appetite framework and risk limits established by the Board of Directors and within the principles and procedures laid out in the policy.

The Risk Management Division is responsible for measuring asset-liability management risk, reporting the results, and monitoring compliance with risk limits. The severity of the risk taken is reviewed according to different scenarios. Measurement results are tested to check their reliability and integrity. Asset-liability management risk is reported to the Risk Committee as well as to the Board of Directors through the Audit Committee.

Compliance with risk limits is closely and continuously monitored by the Risk Management Division, Asset-Liability Management Committee and related executive units. If the limits are breached, the Risk Management Division promptly reports the breach and its reasons to the Board of Directors through the Audit Committee. The course of action needed to be taken in order to eliminate the breach is determined by the Board of Directors.

Asset-liability management processes and compliance with the policy rules are audited by the internal audit system. The principles regarding the audit process, audit reports and fulfillment of action plans to eliminate the errors and gaps detected during audits are established by the Board of Directors.

Stress Testing Policy

The purpose of the Stress Testing Policy is to detect significant risks and vulnerabilities that may arise from both the Bank-specific adverse developments and from unexpected stress conditions associated with the general economic and financial environment.

The stress test program is defined as the collection of stress test analyses conducted to assess risks associated with

the Bank's activities and the methodologies, assumptions and scenarios related to these analyses. In order to ensure that valid and accurate results are obtained, the stress test program is regularly monitored and updated by taking into consideration the Bank's risk appetite framework, the current economic environment and market conditions, and the Bank's products, strategies and technological capabilities.

The Bank implements a stress test program to conduct an assessment of the risks both from a holistic view (i.e. bank-wide stress tests) and on the basis of the important risk types (i.e. individual stress tests) in accordance with the regulations and its internal procedures, and the results are reported to the senior management, the Board of Directors and other related legal authorities.

The Board of Directors is responsible for executing the stress test program as a whole. The Board of Directors ensures that the outcomes of the stress test program are evaluated and used as input for decision making in relevant fields. The Risk Management Division is responsible for conducting the analyses included in the stress test program, reporting the outcomes of the stress tests and monitoring compliance with the risk limits. The scope of the stress test program, the risk factors to be used in the analyses, and the framework of the stress parameters are determined by the Risk Committee.

Processes related to the stress test program and compliance with the policy rules are audited by the internal audit system. The principles regarding the audit process, audit reports and fulfillment of action plans to eliminate the errors and gaps detected during audits are established by the Board of Directors.

Operational Risk Policy

Operational risk is defined as "the risk of loss, including legal risks, due to inadequate or faulty internal processes, people and systems or external factors". Operational risk management activities are carried out by the Risk Management Division. These activities include detecting, identifying, measuring, analyzing, monitoring, reporting and controlling operational risks; following national and international developments in the field of operational risk management; improving existing techniques and methods, and performing the required regulatory reporting, notification and follow-up activities. The principles and procedures of risk management are laid out in the Operational Risk Policy.

Operational risks that may be encountered during activities are classified and monitored under the "Risk Catalogue". The Risk Catalogue serves as the main document to be used when identifying and classifying all possible risks. It is updated to reflect improvements in risk management practices and changing regulations.



Operational risk is managed with a triple defense line approach within the framework of risk management policies approved by the Board. Risk appetite and the associated internal limits, which are determined by the Board for operational risks, are monitored on a regular basis.

When identifying operational risks, internal and external factors that may negatively affect the Bank's operations are taken into consideration. Both qualitative and quantitative methods are utilized together in measuring and assessing operational risks. During measurement and assessment, risks are prioritized based on the financial, legal, reputational and operational implications of the operational risks that the Bank is exposed to. Besides the calculations made within the scope of legal framework, , internal measurement methods, impact-probability analysis, loss event data analysis, scenario analysis, stress tests and risk indicators are also utilized when measuring operational risks. The results are reported to the Board through the Operational Risk Committee and Risk Committee.

All operational risks that the Bank may be exposed to in connection with banking and information systems processes; risk levels of new products, services and activities as well as the support and valuation services that the Bank receives; loss events occurring at İşbank which represent operational risks, and risk indicators are regularly monitored by the Risk Management Division and reported to the Risk Committee and the Board.

All employees of the Bank display responsible behavior and understand that the principles and procedures laid out in the Bank's legislation, including especially the operational risk policy, are intended to create a work environment that is sensitive to the presence of operational risks and reduces the likelihood of loss by incorporating control mechanisms for these risks.

Reputational Risk Policy

Reputational risk refers to potential losses which may be caused by loss of trust in the Bank or damage to the Bank's reputation as a result of non-compliance with existing legal regulations or negative views of parties such as current or potential customers, partners, competitors and supervisory authorities. The Reputational Risk Policy sets out the principles and procedures to be followed when identifying, assessing, controlling, monitoring, reporting and managing sources of reputational risk that the Bank may be exposed to during its operations.

Sources of reputational risk are evaluated both individually and collectively, and appropriate systems and controls are put in place to effectively manage risk factors. The Risk Management Division is responsible for conducting a multi-dimensional assessment of reputational risks and reporting them to the Risk Committee, the Audit Committee and the Board of Directors.

All employees carry out their activities in a responsible manner which protects the reputation of the Bank.

Consolidated Risk Policies

Compliance with risk management principles related to the Bank's subsidiaries is monitored according to the Bank's Consolidated Risk Policies. Subsidiaries follow their own risk management policies which take into account the Consolidated Risk Policies and their own organizational structure. Subsidiaries' risk policies which are approved by their boards of directors form the framework of their risk management systems and processes.

Information Systems Risk Management Policy

The purpose of the Information Systems Risk Management Policy is to set out the principles to be adhered to when identifying, measuring, monitoring, controlling, reporting and managing the risks associated with the management of information systems. With this policy, the Bank aims to effectively manage its information systems, which play a critical role in sustaining the Bank's activities, by handling the management of information systems as part of its corporate risk management practices. The provisions of this policy are applied in the management of the Bank's information systems and all elements involving these systems.

The risks associated with information technologies are basically evaluated as part of the Bank's operational risk management. Since these risks can be multipliers of the other risks arising from banking activities, it is essential that they are measured, closely monitored and controlled by the Bank within the framework of a holistic risk management approach.

Model Risk Management Policy

The purpose of the Model Risk Management Policy is to establish the principles and procedures regarding the principles of model risk management by addressing the end-to-end lifecycle of the models used by the Bank in performing its operations. With the policy, the Bank aims to manage, through a holistic approach, the model risk to which the models used by the Bank in its activities are exposed due to errors, failures or deficiencies in the lifecycle of the models.

At the Bank, model risk is managed via a triple defense line structure whereby the first line of defense is provided by the model owner, model development team, model implementation team, and model user, the second line of defense is provided by the model risk management team, validation team, and internal control, and the third line of defense is provided by the internal audit. Model risk management covers the entire lifecycle of a model. The policy describes the main activities in each step of the model lifecycle as well as the responsibilities of different divisions of the Bank in relation to these activities.

Climate Change Risk Policy

Climate change risk includes the risks associated with transition to a low-carbon economy and physical risks which may occur depending on the impact of climate change on nature. The Climate Change Risk Policy sets out the principles and procedures to be followed for detecting, identifying, assessing and/or measuring, monitoring, controlling, reporting and managing the climate change risks that the Bank may be exposed to as a result of its activities.

Besides being a type of risk which the Bank may be directly exposed to, climate change risk may also be caused by other risks that may arise during the performance of the Bank's activities. Therefore, the Climate Change Risk Policy is an integral part of the Bank's other Risk Policies.

The main purpose of climate change risk management is to ensure that the Bank's activities and practices are aligned with its climate change strategy. Responsibilities for management of climate change risk have been defined in the form of a triple defense line. The role of the first line of defense is basically to ensure that the loan decisions are made by considering the climate change risks during the loan allocation process. The second line of defense determines the working principles, rules, policies and requirements in relation to the climate change risk. The third line of defense, within its existing roles and responsibilities, offers reassurance to the Board of Directors that the structure described here functions properly.

Managers of Internal Systems			
<div>Chairman of the Board of Inspectors</div> <div>Muzaffer Okay</div>	<div>Head of Risk Management</div> <div>Hürdoğan Irmak</div>	<div>Head of Corporate Compliance Division (Compliance Officer)</div> <div>Süleyman H. Özcan</div>	<div>Head of Internal Control</div> <div>Hamit Umut Togay</div>
<div><div><div></div><div>4 years 7 months</div></div><div><div></div><div>30 years</div></div><div><div></div><div>Licence</div></div></div>	<div><div><div></div><div>4 years 1 month</div></div><div><div></div><div>21 years</div></div><div><div></div><div>Licence</div></div></div>	<div><div><div></div><div>1 year 6 months</div></div><div><div></div><div>28 years</div></div><div><div></div><div>Licence</div></div></div>	<div><div><div></div><div>7 years 10 months</div></div><div><div></div><div>24 years</div></div><div><div></div><div>Licence</div></div></div>
<div>Departments Worked Previously</div> <div>Nonperforming Loans Division, Commercial and Corporate Loans Monitoring & Recovery Division, Corporate Compliance Division, Board of Inspectors</div>	<div>Departments Worked Previously</div> <div>Corporate Loans Underwriting Division, Board of Inspectors, Risk Management Division</div>	<div>Departments Worked Previously</div> <div>Board of Inspectors Accounting Division, Change Management Board, Strategy and Corporate Performance Management Division, Investor Relations Division</div>	<div>Departments Worked Previously</div> <div>Board of Inspectors Retail Banking Product Division, Galata Branch</div>



AUDIT COMMITTEE’S ASSESSMENTS on the OPERATION of INTERNAL CONTROL, INTERNAL AUDIT, COMPLIANCE and RISK MANAGEMENT SYSTEMS and ITS ACTIVITIES in the REPORTED PERIOD

Internal Audit

İşbank Board of Inspectors operates under the control of the Board of Directors. By adopting the ethical principles set out in the banking and internal audit regulations and taking international standards on internal audits into consideration, the Board of Inspectors audits the activities of all the Bank’s Head Office divisions, including Internal Control, Risk Management and Corporate Compliance Divisions, as well as banking and IT processes, domestic and foreign branches and subsidiaries in accordance with applicable laws and regulations and the Bank’s internal strategies, policies, principles and goals. The Board of Inspectors also conducts preliminary inspections, examinations and investigations when necessary.

İşbank Board of Inspectors, which is certified to be in compliance with international quality standards, performs its duties by combining its long-established audit experience with advanced technology in a modern, risk-focused approach. The Board of Inspectors consists of 152 auditors and assistant auditors and also carries out remote audits with the help of its IT capabilities in addition to on-site audits. Audit reports are submitted to the İşbank Audit Committee, senior management, and related divisions after being classified according to their severity and priority, and the corrective measures taken in order to address audit findings are monitored by the Board of Inspectors. The Board of Directors closely monitor the activities of the Board of Inspectors through periodic activity reports submitted via the Audit Committee. In 2021, the Board of Inspectors conducted audits of 175 domestic and 2 overseas branches, 24 Head Office divisions, 10 subsidiaries, 8 Regional Directorates affiliated with the Retail Loans Underwriting Division and the top 200 companies with the highest risk in the Bank. Additionally, audits were conducted for the following:

- Banking Processes and Information Systems – Management’s Declaration
- Portfolio (Collective) Custody Service
- Sustainability Management System
- Gender Equality in Remuneration
- Compliance Program on Prevention of Laundering Proceeds of Crime and the Financing of Terrorism
- London Branch Compliance Program on Prevention of Laundering Proceeds of Crime

- Valuation Process
- Internal Capital Adequacy Assessment Process (İSEDES)
- Liquidity Risk, Counterparty Credit Risk, Structural Interest Rate Risk and Market Risk
- Model
- TFRS (Individual Assessment)
- Follow-up of Penetration Test Findings
- BAT Risk Center Processes Information Systems
- Central Counterparty Practices
- Compliance with Treasury-backed Guarantee

System Additionally, PDPL Governance, the Customer Relations Program and the Agile Working Model were reviewed in order to examine the effectiveness and adequacy of operational risk management systems, and audit reports regarding Compliance with the Guidelines on Credit Allocation and Monitoring are being prepared for submission. Furthermore, in accordance with the regulations put into force in 2021, compliance audit activities are being carried out as per the Action Plan and the Guidelines on Credit Allocation and Monitoring.

The audits of 20 domestic branches, which began in 2021, are still ongoing. İşbank’s banking processes and information systems are audited annually by the Board of Inspectors in accordance with the "Regulation on External Audit Institutions’ Information Systems and Banking Processes Audits" issued by the Turkish Banking Regulation and Supervision Agency. On-site audits were conducted on 28 companies providing support services or technology-intensive services to İşbank in the field of information technologies. The process with which the Bank creates its consolidated and non-consolidated financial statements is also reviewed. Based on the results of audits of banking processes and information systems conducted in 2021:

- no material weakness was detected in the processes that could hinder effective, reliable and uninterrupted execution of the Bank’s activities,
- no issue was detected that could have a significant effect on the integrity, availability, consistency and reliability of the data reported in consolidated and non-consolidated financial statements.

Thanks to risk-focused audit plans, a significant portion of İşbank’s loan portfolio was audited in 2021. In 2021, the Bank continued the development and maintenance activities of:

- the Human Resources Risk Matrix, which is used as a reference source in identifying personnel-related risks,
- the Branch Risk Matrix, which is used to determine the loan portfolio to be audited in line with the Bank’s risk-focused review goal,
- various practices intended to provide fast and qualified data for in-house fraud detection and investigation studies.

Internal Control

The main objective of the internal control system is to provide the maximum contribution to achieve İşbank’s corporate targets set in accordance with the Bank’s vision, mission and strategies and stakeholder expectations. To this end, the performance required to ensure that all components of the internal control system operate together in an integrated and effective manner, under the supervision of İşbank’s Board of Directors, with the contribution and support of all İşbank’s employees, is being rigorously carried out with professional care and attention.

The design and operational effectiveness of the internal control activities carried out by the relevant units in the process are regularly examined by the Internal Control Division which is an independent function. For this purpose, “onsite” and/or “remote” controls have been carried out by the Internal Control Division with a risk-oriented approach, on the activities of the Bank’s domestic and foreign branches and Head Office units, financial reporting and information systems and internal control structures of the subsidiaries subject to consolidation.

Activities for central and continuous monitoring of the effectiveness of controls by using advanced data analytics applications were conducted.

The results of the reviews were analyzed by the Internal Control Division and developing proposals, monitoring and follow up activities intended for eliminating the existing deficiencies and preventing the recurrence of the defects were continued.

In order to contribute to their professional development, İşbank’s internal control personnel were provided with various trainings during the year. Internal Control Division also supported the Bank’s employees’ trainings in order to increase the awareness of internal control activities across the organization.

In accordance with the Bank’s Sustainability Policy, control activities regarding the operations carried out within the scope of the Sustainability Management System were conducted. In addition, in terms of assessment and management of environmental impacts, the Bank complies with the international ISO 14001 Environmental Management System standards, and the "internal audit" activities defined within the scope of ISO 14001 - Environmental Management System are carried out by the Internal Control Division.

İşbank’s internal control system and internal control activities are structured and operated to make sure that: i) The Bank’s assets are protected, ii) The Bank’s activities are carried out in compliance with the Law and other relevant legislations, the Bank’s internal policies and guidelines, and banking practices, iii) accounting and financial reporting systems function securely and in integrity, and iv) information is provided promptly.

Compliance

Compliance is the foremost duty and responsibility of all managers and employees of the Bank at any level. Compliance functions and activities executed in the Bank’s Head Office divisions, domestic and overseas branches, and its subsidiaries are monitored through the corporate compliance activities conducted within the Corporate Compliance Division, which reports to the Board of Directors. The purpose of the Corporate Compliance Division is to make the maximum contribution to the Bank’s efforts to effectively manage and control compliance risk according to a materiality- and risk-based approach and to ensure the execution and management of the Bank’s activities in accordance with applicable laws, regulations and standards at all times.

The Bank also oversees the effective execution of the corporate compliance activities of its subsidiaries. The necessary researching, analyzing, monitoring, assessing, informing, conducting, coordinating and reporting activities regarding compliance issues are conducted within the Corporate Compliance Division, which consists of three sub-units, namely Regulatory Compliance, Financial Crimes, and Sanctions and International Obligations.



The duties and responsibilities of the Compliance Officer as specified in the Law on Prevention of Laundering Proceeds of Crime and other applicable regulations are fulfilled by the Head of the Corporate Compliance Division, who is the legal "Compliance Officer" of the Bank as well. The Head of the Corporate Compliance Division also serves as the "Compliance Officer" of the Financial Group, the parent company of which is İşbank, in accordance with MASAK (Financial Crimes Investigation Board) regulations.

Information on the activities of the Corporate Compliance Division is reported/submitted to the Board of Directors through the Audit Committee on a monthly and yearly basis. Besides being the "Compliance Officer" of the Bank, the Head of the Corporate Compliance Division is also a member of the Risk Committee and Operational Risk Committee and a consultant member of the IS Steering Committee, Business and IS Continuity Committee, and Information Security Committee.

Activities regarding the prevention of financial crimes and sanctions in the Bank are executed in a purposeful and effective manner in accordance with applicable regulations and the Bank's Policy and Compliance Program, which were developed for this purpose. İşbank's Compliance Risk Management Policy and Policy for Combating Financial Crimes and Sanctions are available, both in English and Turkish, under the "Investor Relations / Corporate Governance" page of the Bank's website www.isbank.com.tr.

Officers and Assistant Specialists who have just begun to work for İşbank receive a "Policy for Combating Financial Crimes and Sanctions and Compliance Program" class as part of their Starting My Career Trainings, while employees who have been promoted to Senior and Assistant Manager roles also receive this class as part of their career training program. The Corporate Compliance Division shares information on Financial Crimes, Sanctions, International Obligations and Legal Compliance activities under the Career as a Specialist Internship Program designed to support the career growth of Senior Assistant Specialists at İşbank. Additionally, "Risk Management and Risk Culture" and "Prevention of Financial Crimes" seminars are held as part of the Management Development Conferences to support managers and manager candidates in these fields.

İşbank's Compliance Risk Management Policy and Policy for Combating Financial Crimes and Sanctions are available in English and Turkish on the Bank's website.

Risk Management

At İşbank, the risk management process puts "good corporate governance" to the forefront and ensures segregation of units responsible for monitoring and controlling risk from executive functions, identifies risks in accordance with international regulations, and facilitates measurement, analysis, monitoring, reporting and control functions.

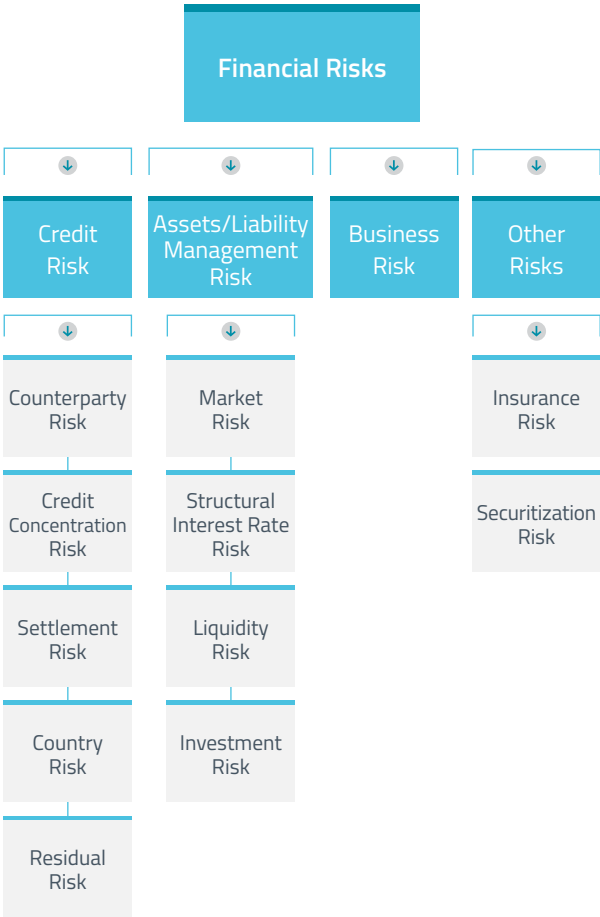
Besides banking activities, the financial and non-financial risks which the Group is exposed to need to be analyzed as a whole, monitored, and reported in accordance with banking-specific risk management principles and the Group's perspective of risk management. This is more than just a legal reporting requirement that needs to be addressed; it has become an industry standard for corporate governance.

The risk management process and the functions involved in it are among the top responsibilities of the Board of Directors. The Risk Management Division, which acts through the Risk Committee and forms a functional constituent of the risk management function in collaboration with the Bank Credit Committee and the Asset & Liability Management Committee, not only carries out activities related to regulatory and internal capital adequacy to ensure compliance with the Basel framework and international best practices, but also develops and validates risk measurement methodologies and optimizes the capital adequacy management process.

The risks to which the Bank is exposed are managed with a three line of approach. The first line of defense is comprised of the business units and is responsible for identifying and assessing risks, ensuring continuous implementation of risk management, designing and putting process controls in place, and reporting results according to the Bank's risk appetite, rules, procedures and risk strategies.

The second line of defense is comprised of the Risk Management Division, Corporate Compliance Division and Internal Control Division, which report to the Board of Directors. The Risk Management Division is responsible for creating the risk policies and risk catalogue and updating them as necessary; setting and updating control objectives for the risks; measuring, monitoring and reporting the risks, and developing a risk management framework. The Internal Control Division tests the effectiveness of controls, while the Corporate Compliance Division sets the policy for compliance risks and establishes the principles regarding the control targets for compliance risks.

In the third line of defense, the Board of Inspectors is responsible for conducting an independent audit of the risk management framework and control systems to ensure their effectiveness and adequacy.



The Risk Committee, which was established to share risk management principles within the Bank in order to reflect them in decision-making and implementation processes, is responsible for articulating the risk management strategies and policies of the Bank on a consolidated and unconsolidated basis, submitting them to the Board of Directors for approval and monitoring their implementation. Furthermore, the Operational Risk Committee, which was established in April 2020, operates to improve the operational risk management framework and strengthen the governance model regarding operational risks.

The Bank's risk management practices are intended to create a common risk culture across the organization. Risk management activities are based on the regulations and best practice guidelines published by the Banking Regulation and Supervision Agency (BRSA). Besides compliance with regulatory limits, the Bank also ensures capital and liquidity adequacy against all risks undertaken by the Bank as part of the Internal Capital Adequacy Assessment Process (ICAAP).

The Bank's level of risk exposure is systematically monitored in accordance with the risk policies and implementation



procedures. The Bank runs the risk management process as per internal regulations approved by the Board of Directors, including Capital Adequacy, Credit Risk, Asset-Liability Management Risk, Operational Risk, Model Risk, Climate Change Risk, Stress Testing, Reputational Risk, Consolidated Risk and Information Systems Risk Management Policies.

Potential risks which may be encountered during activities are defined and classified in the "Risk Catalogue" of the Bank. In the Risk Catalogue, risks are detailed in two main groups: financial and non-financial risks. Financial and non-financial risks are reported monthly to the Risk Committee and the Board of Directors through the Audit Committee.

The Bank uses impact-likelihood analysis, loss event data analysis, scenario analysis, stress testing and risk indicators in addition to the top down risk assessment of operational risks. The risks which are defined in the Risk Catalogue and for which the management principles are explained in detail in the risk policies are reviewed annually, as a minimum, and the related definitions and principles are kept up-to-date.



In order to manage the Bank's risk profile and conduct a prospective assessment of it, the scenario analysis method is used to assess the impact on conjectural but unexpected operational risk-type loss events. The scenario analysis allows assessment of catastrophic events which are also referred to as tail risks and rarely occur but create a high impact when they do occur. Scenario analysis results provide inputs to the operational risk management stress testing and top-down risk assessment studies in addition to the operational risk internal capital requirement.

Management of Climate Risks

Besides financial risks, non-financial risks such as climate change risk, environmental management risk, internal behavior/culture and ethics risks, employee practice and employee relations risks are defined in the Bank's risk catalogue and handled as part of risk management activities.

Introducing best practices in the management of climate change risks is a priority for İşbank. With the Climate Change Risk Management Project, which was completed in 2020, the Bank carried out project activities aimed at measuring and reporting the climate change risks to which it may be exposed and developing the principles and procedures of governance and integrating such risks into the Bank's strategy and loan processes. The definition of climate change risk, positioned as a strategic risk in the Bank's risk catalogue, was updated according to TCFD and international best practices to include transition risks and physical risks and was approved by the Board of Directors during the first quarter of 2021.

The Climate Change Risk Policy, which sets out the principles and procedures to be followed for detecting, identifying, assessing and/or measuring, monitoring, controlling,

reporting and managing the climate change risks that the Bank may be exposed to in connection with its activities, was approved and put into force by the Board of Directors in March 2021. As per the decision of the Board of Directors, the indicator "Share of Sectors With High Climate Change Risk Within Total Commercial Portfolio", monitored on a quarterly basis, was added to the Bank's solo risk appetite framework in September 2021 to prevent the concentration of sectors with a high exposure to climate change risks within the portfolio and provide guidance for composition of the portfolio in subsequent periods.

The Bank utilizes a scenario approach in measuring climate change risks. For high-risk sectors, which are identified with the climate change heat map method, an impact analysis for climate change risk events is conducted by taking into account the United Nations Environment Program Finance Initiative (UNEP FI) scenario analysis approach.

Management of Reputational Risks

Reputational risk refers to potential losses which may be caused by loss of trust in the Bank or damage to the Bank's reputation as a result of non-compliance with existing legal regulations or negative views of parties such as current or potential customers, partners, competitors and supervisory authorities. The Bank uses the Reputation Index to monitor reputational risk. This index was created by the Bank to serve as an early warning for elements which might potentially impact the Bank's reputation. Assessments of the level of reputational risk are reported to senior management on a quarterly basis as a minimum. It is the senior management's responsibility to monitor and improve compliance with the corporate governance concept, which constitutes the basis of reputational risk.

Ersin Önder Çiftçioğlu
Member of the Board and
the Audit Committee

Yusuf Ziya Toprak
Vice Chairperson of the Board
of Directors and Chairperson of
the Audit Committee

BUSINESS ETHICS

Compliance with business ethics principles has always been among the uncompromising corporate priorities of İşbank. The Bank shapes all of its stakeholder relations in line with these principles.

İşbank immediately adopted the Principles of Banking Ethics published by the Banks Association of Turkey in 2001 and began to use these principles as the basis of its operations. The Bank's "Ethical Principles and Operational Rules" came into effect with the Board resolution dated 26.10.2021. İşbank also introduced certain regulations concerning employees and working life in the Collective Bargaining Agreement and the Bank's legislation. Additionally, İşbank's "Human Rights and Human Resources Policy" includes provisions that refer to ethical principles.

In 2021, an ethics hotline was put into service to allow employees, customers and other related parties to report any violation of operational rules to the related units of the Bank in accordance with the Ethical Principles and Operational Rules. Reports and notifications regarding bribery, corruption and other similar actions submitted through the Ethics Hotline are monitored by the Board of Inspectors.

For behaviors that are found to be in violation of the Bank's policies, the necessary disciplinary action, up to termination of the employment contract, is taken according to the applicable provisions and procedures of the Collective Labor Agreement. Where circumstances warrant legal action, the violation is brought to the attention of legal authorities.

Customer complaints can be conveyed via digital channels or to our Branches, Head Office or the Board of Inspectors via e-mail, petition or fax. Complaints submitted by customers to Branches and the Head Office units are transferred to the Customer Relations Platform and followed up on the relevant platform. Of the complaints followed up on the Customer Relations Platform, those complaints which need to be assessed by the Board of Inspectors are transferred to the Board of Inspectors by the related Head Office divisions. Furthermore, employees can contact the Board of Inspectors via phone or e-mail to provide information. With a special application specifically designed for all employees, complaints can be directly submitted to the Head Office, which then transfers them to the Board of Inspectors for evaluation as necessary.

During the 1st term training, Junior Assistant Inspectors receive the 1-hour "Ethical Principles" and "Anti-Bribery and Anti-Corruption" training. The topic of "Ethical Principles" is also covered as part of a 1-hour class during the "Branch Managers Development Program", "My Management Career" and "As I Rise in My Career" trainings given to managers and manager candidates.

The digital training "Ethical Principles and Operational Rules", which was developed to educate related employees about

the basic ethical principles, was made available to employees on 14.12.2021. These basic ethical principles also form the foundation of the business model "İşbank Banking" - a business model focused on creating sharable and sustainable value which was put into effect on 26.10.2021 by the Board of Directors and is incorporated in all strategies of the Bank.

In 2021, 1,305 hours of ethical training was given to 2,214 employees.

ANTI-BRIBERY and ANTI-CORRUPTION

Bribery and corruption risk is defined as the risk that the Bank will incur losses due to an employee of the Bank abusing the power vested in them as part of their role at the Bank in order to, directly or indirectly, secure benefits for themselves or third parties and failing to comply with the anti-bribery and anti-corruption laws and internal regulations. Measuring and prioritizing bribery and corruption risk is done through a top-down risk assessment, impact-probability analysis, loss event data analysis and scenario analysis activities.

İşbank's "Anti-Bribery and Anti-Corruption Policy", which is the reference document for combating bribery and corruption at the Bank, is publicly available on the corporate website. The Anti-Bribery and Anti-Corruption Policy is implemented by the relevant Head Office Division under the supervision of the Corporate Governance Committee. Compliance with the provisions of this policy is audited within the scope of internal audit. The principles regarding fulfillment of the action plans to resolve audit findings are determined by the Corporate Governance Committee. Necessary updates and changes are proposed by the Corporate Governance Committee and put into effect upon approval by the Board of Directors.

During the "Getting to Know Our Bank" course within the scope of "Starting My Career" trainings provided to new employees at İşbank, the requirement to act according to the discipline regulations and the "Ethical Banking Principles" is emphasized. This topic is also covered during the "Policy for Combating Financial Crimes and Sanctions and Compliance Program" class for Officers and Assistant Specialists which is included in the same training program.

With the "Banking Law" class included in the Career as a Specialist training for Senior Assistant Specialists and the career training programs for employees promoted to Senior and Assistant Manager roles, information is provided about the legal regulations concerning corruption and other similar crimes.



The content of the e-training "Policy for Combating Financial Crimes and Sanctions Compliance Program", which is assigned to all employees as a mandatory training, is determined by the Corporate Governance Division and covers information about the topic of "Anti-Bribery and Anti-Corruption". Regular communication is carried out to ensure completion of this training by the employees.

In 2021, 5,716 employees received 627 hours of anti-bribery and anti-corruption training.

During routine audits conducted by the Board of Inspectors according to Internal Audit Standards, all risks, including anti-bribery and anti-corruption, are addressed on a periodic basis, and the audit results are reported to authorized divisions of the Bank in accordance with the provisions of applicable legislation, and the outcomes of the reported findings are monitored. Besides existing risks, factors that present potential risks are also identified, appropriate solutions are proposed, and the entire process is monitored. If any violation of anti-corruption policies is detected during the audits, appropriate action is taken according to the internal discipline regulations and legal regulations.

In 2021, the Board of Inspectors also conducted inspections concerning the Sustainability Management System and the Compliance Program on Prevention of Laundering Proceeds of Crime and the Financing of Terrorism within the scope of the Head Office audits.

Within the scope of 2021 activities, the Bank carried out development and maintenance activities on various practices aiming to provide fast and qualified data for risk assessments, which are the basis for determining personnel-related risks, and for in-house fraud detection and investigation studies. Through examining and reviewing the transactions involving suspicion of misconduct throughout the Bank by the team formed within the Board of Inspectors, the Bank aimed to contribute to both early detection of fraudulent transactions throughout the Bank, and to increase the efficiency and productivity of inspection activities.

All findings, reports and customer complaints related to corruption practices are meticulously handled and thoroughly investigated.

At the end of audits, the reports prepared to allow necessary administrative decisions to be made in accordance with the Bank's collective labor agreement and the legislation are reviewed by the Board of Inspectors and transferred to the related Head Office Divisions for action. In 2021, the scale of activities evaluated in relation to corruption risks was found to be at a negligible level compared to the total assets of the Bank.

"Combating Financial Crimes" trainings cover these issues, and any suspicious transactions detected during inspections are reported to the Financial Crimes Investigation Board (MASAK) of the Ministry of Finance.

If a violation of the Anti-bribery and Anti-corruption Policy is reported to the Board of Inspectors or detected by the Board of Inspectors during audits, the issue is meticulously examined. The issue is reported to the Audit Committee either promptly or as part of routine reporting activities. The Audit Committee brings the reported issues to the attention of the Board of Directors in order to ensure elimination of the policy violation without delay.

The reports which are prepared by the Inspectors carrying out the audits in order to identify and provide solution recommendations and to allow necessary administrative decisions to be made about our employees at fault in accordance with the Bank's Collective Labor Agreement and the legislation are reviewed by the Board of Inspectors and transferred to the related Head Office Divisions for action.

STAKEHOLDER DIALOGUE

For İşbank, establishing regular, timely and two-way communication with stakeholders is a priority in all activities. For this purpose, the Bank develops dialogue plans in many channels by taking into account different information needs. Aiming to obtain stakeholder opinions by actively using social media platforms, the Bank has a total of 2,635,172 followers on 30 corporate, product and project accounts. The Bank provides comprehensive and up-to-date information through its Annual Reports, Integrated Reports, regular Investor Presentations, Analyst and Investor Days, corporate website, General Assembly and the Material Disclosures published on a per need basis.

Can You Tell Me About Tomorrow?

Our podcast channel "Can You Tell Me About Tomorrow?" offers weekly podcasts on various subjects such as science, technology, nature, agriculture, innovation, personal development, psychology and entrepreneurship. The channel is moderated by Güçlü Mete, Executive Editor at Kafa Radio Station.

Previous podcasts include "Ormanlarımızı Korumanın Yolları" (How to Protect Our Forests) with Dr. Hikmet Öztürk, "Denizlerimizi Kurtarmanın Yolları" (How to Save Our Seas) with hydrobiologist Levent Artüz, "İklim Değişikliği" (Climate Change) with Prof. Mikdat Kadioğlu, "Su Kaynaklarımızın Geleceği" (The Future of Our Water Resources) with Vedat Atasoy, "Gelecekte Tarım, Ülkemize ve Dünyaya Yeter mi?" (Will Agriculture Be Sufficient to Feed Our Country and the World?) with Prof. Gökhan Özertan, "Doğa ve Geleceğimiz" (Nature and Our Future) with Deniz Ataç, and "Bir Umut Marmara" (Marmara, A Hope) with Savaş Karakaş. We plan to continue with our podcasts in the future as well.

DigitalTalks Sustainability Talks'21

The online event DigitalTalks Sustainability Talks'21 was held between 1 September and 6 October 2021 with the support of İşbank as the main sponsor. During the series which consisted of six sessions in total moderated by Ozan Tatar, the founder of DigitalTalks, 12 speakers who are experts in their fields shared valuable information on the theme of sustainability in different areas. You can access all of the sessions from the [DigitalTalks' YouTube channel](#), and the sessions were watched by more than 2,000 people in 2021.

TRANSPARENCY and REPORTING

In line with the principles of transparency and accountability, İşbank conducts reporting activities throughout the year in different channels for stakeholder groups.

In 2021, the Bank published its first-ever Integrated Report to present a summary of its activities carried out during the year and to provide information on the integration of its sustainability approach into business processes and sustainability performance. Since 2019, the Bank has been reporting within the scope of the Carbon Disclosure Project (CDP) Climate Change Program. In 2021, the Bank also reported within the scope of the Carbon Disclosure Project Water Program.

İşbank is a signatory of the Principles of Responsible Banking of the United Nations Environment Program Finance Initiative (UNEP FI) and thus began to conduct impact analyses. Performance in this area will be regularly reported to all stakeholders. The Bank also reports within the scope of the UN Women's Empowerment Principles as a signatory.

İşbank also responds to information requests from numerous rating agencies and assessment bodies throughout the year. A significant part of the data contained in İşbank's Integrated Report is subject to independent external audit.

[See Independent Audit Report](#)

İşbank's corporate website provides up-to-date information to its stakeholders about the latest developments in the Bank and the Bank's products and services. All stakeholders of İşbank can also access all reports of the Bank, Material Disclosures, Investor Presentations and Credit Ratings on the corporate website.



Corporate Governance Principles Compliance Statement

İşbank is subject to the provisions stipulated for banks in the Banking legislation and Capital Markets legislation regarding Corporate Governance Principles. The Bank carries out its activities in accordance with the compulsory principles of the Communiqué on Corporate Governance (Communiqué) published by the Capital Markets Board.

Bank’s practices regarding the non-compulsory provisions of the principles stipulated in the Communiqué and additional information within in the framework of Corporate Governance are given in the Corporate Governance Compliance Report and Corporate Governance Information Form, which are the parts of Annual Report which is published with the approval of our Board of Directors. There are not any changes foreseen to be performed in the Bank’s managerial practices within the framework of the principles stipulated in the Communiqué. Within the year, procedures were carried out to develop the structure of the Corporate Governance Principles that the Bank is subject to.

Under the section of the “Sustainability Principles Compliance Framework” in our Annual Report, the Bank’s practices and information regarding the principles within the scope of the regulation with the same title published by the Capital Markets Board are also included.

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				In addition to the shareholders of İşbank, the persons mentioned in "İşbank Internal Directive on Working Principles and Procedures of General Assembly" may attend the General Assembly.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	



Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.					X	
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			In our Bank, minority rights are exercised in line with the related legislation.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.		X				İşbank employees participate in the management of the Bank via their beneficiary status in İşbank Members' Supplementary Pension Fund, which holds 37.26% of İşbank shares.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					



Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.		X				Performance related compensation is used in certain positions.
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Our Bank’s Board of Directors and Executives are insured against the risk of loss they may cause due to their faults while performing their duties within the scope of a liability insurance policy that names our Bank and our participations as the insured, however, the coverage of insurance is below the mentioned amount.



Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			No target ratio is set for the number of female members in the Board of Directors. As of the end of 2021, there is one female members in the Board. Based on the last three terms of İşbank Board of Directors, percentage of the female members in the Board was realized as 17%.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				The duties that İşbank Board members have outside the Bank are provided in the Annual Report which is presented in the General Assembly.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			İlgili mevzuat çerçevesinde bir Yönetim Kurulu üyesi birden fazla komitede görev alabilmektedir.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.		X				Restrictions related with the loans to be extended by İşbank to the Board members and employees are defined in article 50 of the Banking Law. In this context, İşbank does not extend loans to its Board members and employees other than those allowed by the law.
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Total compensation of the Board members and managers with administrative responsibilities is disclosed. On the other hand, the net allowance amount paid to our Board members on an individual basis is determined at our General Assemblies and disclosed to the public together with the General Assembly minutes.



Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In 2021, İşbank participated 16 conferences online for stock and bond investors. In these events, a total of 143 meetings were conducted. In addition to 4 investor events in teleconference and videoconference format, where investors participated via remote access, 75 meetings were held via online connection.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	www.kap.org.tr/tr/Bildirim/914649
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	General Assembly documents except the list of participants and the minutes of the meeting (invitation to the General Assembly, agenda, proxy statement, information document, dividend distribution proposal, etc.) are presented in Turkish and English simultaneously.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	-
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	-
The name of the section on the corporate website that demonstrates the donation policy of the company	İşbank Donation and Contribution Principles can be found on İşbank website, Home Page > About Us > Investor Relations > Corporate Governance > İşbank Donation and Contribution Principles.
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	None
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 47
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Shareholders and shareholder representatives as well as Board members, independent auditor representatives and İşbank employees (within the context of the legislation) participated in the General Assembly held in 2021.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	37,26%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-

1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Home Page >About Us > Investor Relations > Corporate Governance > Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-
General Assembly Meetings	
General Meeting Date	31.03.2021
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	81,72%
Percentage of shares directly present at the GSM	0,04%
Percentage of shares represented by proxy	81,68%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Home Page > About Us > Investor Relations > Disclosures to BIST
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	460
The link to the related PDP general shareholder meeting notification	www.kap.org.tr/tr/Bildirim/922453-922590
2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Home Page > About Us > Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Home > About Us > Investor Relations > Corporate Overview > Corporate Information > Ownership Structure
List of languages for which the website is available	Turkish and English



Corporate Governance Information Form

2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Additional Information Regarding the Related Legislation
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	İşbank Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Information about the Meetings of the Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	No legislation change that would significantly impact İşbank activities has occurred
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Unconsolidated Financial Statements as at and for the Year Ended 31 December 2021 with Independent Audit's Report Thereon - Information on Other Provisions
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	İşbank has no cross ownership subsidiaries.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	We are taking responsibility for our employees / We are taking responsibility for future generations
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Compensation principles for Bank employees are determined by the Collective Bargaining Agreement which is shared with the employees through İşbank's Corporate Intranet Portal.
The number of definitive convictions the company was subject to in relation to breach of employee rights	None
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	In addition to our employees, all other stakeholders can submit their complaints to the Board of Inspectors through the channels included in the Ethical Principles and Code of Conduct approved by the Board of Directors of our Bank. Following detailed and independent evaluations, complaints are directly examined by the Board of Inspectors or transferred to the relevant units of the Bank. İşbank also has an online communication platform through which employees may submit their requests and complaints to the Senior Management directly. Only a limited number of managers have access to the said platform.
The contact detail of the company alert mechanism	E-mail: etik@isbank.com.tr Phone: +90 212 316 14 44 Address: Türkiye İş Bankası A.Ş. Etik Hat İş Kuleleri Kule 1 Kat 34 34330 Levent-Beşiktaş/ İSTANBUL

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	No information on this matter is available on our website.
Corporate bodies where employees are actually represented	Isbank employees participate in the management of the Bank via their beneficiary status in İşbank Members' Supplementary Pension Fund, which holds 37.26% of İşbank shares.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Board of Directors create succession plans.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Home Page > About Us > Sustainability > Our Policies
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Home Page > About Us > Sustainability > Our Policies
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Home Page > About Us > Investor Relations > Corporate Governance > Ethical Principles and Code of Conduct
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Home Page > About Us > Sustainability > Our Reports
Any measures combating any kind of corruption including embezzlement and bribery	Home Page > About Us > Sustainability > Our Policies



Corporate Governance Information Form

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	10.12.2021
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation of authority in İşbank
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	338
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Audit Committee's Assessment on the Operation of Internal Audit, Internal Control, Compliance and Risk Management Sytems and Its Activities in the Reported Period
Name of the Chairman	Adnan Bali
Name of the CEO	Hakan Aran
If the CEO and Chair functions are combined: provide the link to the relevant PDP annoucement providing the rationale for such combined roles	Chairman and General Manager seats are held by different persons
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Our Bank's Board of Directors and Executives are insured against the risk of loss they may cause due to their faults while performing their duties within the scope of a liability insurance policy that names our Bank and our participations as the insured, however, the coverage of insurance is below the mentioned amount. On the other hand, this issue has not been disclosed on the Public Disclosure Platform.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None
The number and ratio of female directors within the Board of Directors	1 / 9%

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
ADNAN BALI	Non-executive	Not independent director			-	-	Yes
YUSUF ZİYA TOPRAK	Non-executive	Independent director			Not considered	No	Yes
HAKAN ARAN	Executive	Not independent director			-	-	Yes
FERAY DEMİR	Non-executive	Not independent director			-	-	Yes
ERSİN ÖNDER ÇİFTÇİOĞLU	Non-executive	Independent director			Not considered	No	Yes
FAZLI BULUT	Non-executive	Not independent director			-	-	Yes
DURMUŞ ÖZTEK	Non-executive	Not independent director			-	-	Yes
RECEP HAKAN ÖZYILDIZ	Non-executive	Not independent director			-	-	Yes
MUSTAFA RIDVAN SELÇUK	Non-executive	Not independent director			-	-	Yes
AHMET GÖKHAN SUNGUR	Non-executive	Independent director		www.kap.org.tr/en/Bildirim/916723	Considered	No	Yes
SADRETTİN YURTSEVER	Non-executive	Not independent director			-	-	Yes



Corporate Governance Information Form

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	1 physical, 12 online
Director average attendance rate at board meetings	99,30%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	In accordance with article II/4/b of the Directive on Working Procedures and Principles of İşbank Board of Directors, a copy of the agenda and proposals is sent to the members before the meeting date at a reasonable time which allows them to make the necessary evaluations.
The name of the section on the corporate website that demonstrates information about the board charter	Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	İşbank Committees
Link(s) to the PDP announcement(s) with the board committee charters	www.kap.org.tr/tr/Bildirim/262622

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee		Ersin Önder Çiftçioğlu	Yes	Board member
Corporate Governance Committee		Feray Demir	No	Board member
Corporate Governance Committee		Sadrettin Yurtsever	No	Board member
Corporate Governance Committee		Neşe Gülden Sözdinler	No	Not board member
Audit Committee		Yusuf Ziya Toprak	Yes	Board member
Audit Committee		Ersin Önder Çiftçioğlu	No	Board member
Remuneration Committee		Adnan Bali	Yes	Board member
Remuneration Committee		Feray Demir	No	Board member
Other	Credit Committee	Hakan Aran	Yes	Board member
Other	Credit Committee	Adnan Bali	No	Board member
Other	Credit Committee	Feray Demir	No	Board member
Other	Credit Committee	Yusuf Ziya Toprak (Alternate Member)	No	Board member
Other	Credit Committee	Fazlı Bulut (Alternate Member)	No	Board member
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	Yusuf Ziya Toprak	Yes	Board member
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Credit Revision Committee	Adnan Bali	No	Board member
Other	Credit Revision Committee	Yusuf Ziya Toprak	No	Board member
Other	Credit Revision Committee	Feray Demir	No	Board member
Other	Credit Revision Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Credit Revision Committee	Sadrettin Yurtsever	No	Board member
Other	Corporate Social Responsibility Committee	Feray Demir	No	Board member
Other	Corporate Social Responsibility Committee	Sadrettin Yurtsever	No	Board member
Other	Corporate Social Responsibility Committee	Fazlı Bulut	No	Board member
Other	Corporate Social Responsibility Committee	Durmuş Öztekin	No	Board member
Other	Corporate Social Responsibility Committee	Yalçın Sezen	No	Not board member
Other	Corporate Social Responsibility Committee	Can Yücel	No	Not board member
Other	Corporate Social Responsibility Committee	Suat E. Sözen	No	Not board member
Other	Corporate Social Responsibility Committee	Gül Meltem Atılgan	No	Not board member
Other	Risk Committee	Adnan Bali	Yes	Board member
Other	Risk Committee	Yusuf Ziya Toprak	No	Board member
Other	Risk Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Risk Committee	Hakan Aran	No	Board member
Other	Risk Committee	Murat Bilgiç	No	Not board member



Corporate Governance Information Form

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Other	Risk Committee	Ebru Özşuca	No	Not board member
Other	Risk Committee	Gamze Yalçın	No	Not board member
Other	Risk Committee	Sezai Sevgin	No	Not board member
Other	Risk Committee	Hürdoğan Irmak	No	Not board member
Other	Risk Committee	Süleyman H. Özcan	No	Not board member
Other	Risk Committee	H. Umut Togay	No	Not board member
Other	Operational Risk Committee	Yusuf Ziya Toprak	Yes	Board member
Other	Operational Risk Committee	Hakan Aran	No	Board member
Other	Operational Risk Committee	Ersin Önder Çiftçioglu	No	Board member
Other	Operational Risk Committee	Ozan Gürsoy	No	Not board member
Other	Operational Risk Committee	Sezgin Yılmaz	No	Not board member
Other	Operational Risk Committee	Sabri Gökmenler	No	Not board member
Other	Operational Risk Committee	Sezgin Lüle	No	Not board member
Other	Operational Risk Committee	Sezai Sevgin	No	Not board member
Other	Operational Risk Committee	Gürler Özkök	No	Not board member
Other	Operational Risk Committee	Süleyman H. Özcan	No	Not board member
Other	Operational Risk Committee	H. Umut Togay	No	Not board member
Other	Operational Risk Committee	Hürdoğan Irmak	No	Not board member
Other	Operational Risk Committee	Bülent Akdemir	No	Not board member
Other	Operational Risk Committee	Burcu Nasuhoğlu	No	Not board member
Other	Sustainability Committee	Adnan Bali	Yes	Board member
Other	Sustainability Committee	Ersin Önder Çiftçioglu	No	Board member
Other	Sustainability Committee	Feray Demir	No	Board member
Other	Sustainability Committee	Gamze Yalçın	No	Not board member
Other	Sustainability Committee	Yalçın Sezen	No	Not board member
Other	Sustainability Committee	Murat Bilgiç	No	Not board member
Other	Sustainability Committee	N. Burak Seyrek	No	Not board member
Other	Sustainability Committee	Şahismail Şimşek	No	Not board member
Other	Sustainability Committee	Ozan Gürsoy	No	Not board member
Other	Sustainability Committee	Sabri Gökmenler	No	Not board member
Other	Sustainability Committee	Sezgin Yılmaz	No	Not board member
Other	Sustainability Committee	Sezai Sevgin	No	Not board member
Other	Sustainability Committee	Suat E. Sözen	No	Not board member
Other	Sustainability Committee	Hürdoğan Irmak	No	Not board member
Other	Sustainability Committee	Neşe Gülden Sözdinler	No	Not board member
Other	Board of Directors Operating Principles Committee	Adnan Bali	Yes	Board member
Other	Board of Directors Operating Principles Committee	Feray Demir	No	Board member
Other	Board of Directors Operating Principles Committee	Durmuş Öztekin	No	Board member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Information about the activities of Audit Committee which was established within the context of the related legislation is presented in "İşbank Committees" section of the Annual Report.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/ website)	İşbank Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	At İşbank, functions of Nomination Committee are fulfilled by Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Information about the activities of Risk Committe is presented in "İşbank Committees" section of the Annual Report.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Information about the activities of Remuneration Committe which was established within the context of the related legislation is presented in "İşbank Committees" section of the Annual Report.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Financial Performance, Reliable Financial Actor, Responsible Operations, Good Corporate Citizen
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Home Page > About Us > Investor Relations > Corporate Governance > Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Additional Information Regarding the Related Legislation



Corporate Governance Information Form

Composition of Board Committees-II					
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Corporate Governance Committee		75%	25%	4 online	1
Audit Committee		100%	100%	57	12
Remuneration Committee		100%	0%	7	-
Other	Credit Committee	80%	20%	-	-
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	100%	100%	9	2
Other	Credit Revision Committee	100%	40%	7	1
Other	Corporate Social Responsibility Committee	50%	0%	1 physical, 6 online	8
Other	Risk Committee	64%	18%	11 online	13
Other	Operational Risk Committee	64%	14%	2 online	-
Other	Sustainability Committee	33%	7%	4 online	1
Other	Board of Directors Operating Principles Committee	100%	0%	-	-

Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE	DEFINITION
A. General Principles		
A1. Strategy, Policy and Targets		
The Board of Directors determines material ESG issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; internal directives, business procedures of Companies etc. can be prepared. The Board of Directors takes decisions for these policies and they are publicly disclosed.	Yes	Home > About Us > Sustainability > Our Policies
Determines the company Strategy in line with the ESG policies, risks and opportunities. It determines and publicly discloses its short and long term goals in line with the Company Strategy and ESG policies.	Yes	Global Tendencies, Risks, Opportunities and Forecasts, page 26-28 Our Business Model: İşbank Banking, page 30-31 Reliable Financial Actor, page 52-53, 84-85, 98-99 Responsible Operations, page 110, 111,114, 116, 120, 122 Good Corporate Citizen page 134, 136, 192, 193 2021 CDP Climate Change Report , page 23- 30
A2. Implementation/Monitoring		
It determines and publicly discloses the committees / units responsible for the implementation of ESG policies. The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Yes	İşbank Committees, Sustainability Committee, page 148 Home > About Us > Sustainability > Our Organization
It forms implementation and action plans in line with the determined short and long term targets and publicly discloses them.	Yes	Global Tendencies, Risks, Opportunities and Forecasts, page 26-28 Our Business Model: İşbank Banking, page 30-31 Reliable Financial Actor, page 54, 85, 99 Responsible Operations, page 111, 116, 122 Good Corporate Citizen page 136 2021 CDP Climate Change Report , page 23- 30
It determines the Key ESG Performance Indicators (KPI) and announces them on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Yes	Key Performance Indicators, page 53, 85, 99, 111, 115, 135, 193
Discloses innovation activities that improve sustainability performance for business processes or products and services.	Yes	Responsible Products and Services, page 74-75 Products and Services Contributing to a Green Economy, page 92-97 Projects to Improve Customer Experience, page 428-431 Home > About Us > Sustainability > Responsible Products and Services



Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE	DEFINITION
A3. Reporting		
It reports its sustainability performance, goals and actions at least once a year and makes it public. Discloses the information on sustainability activities within the scope of the annual report.	Yes	Home > About Us > Sustainability > Our Reports İşbank 2021 Integrated Annual Report 2021 CDP Climate Change Report
It is essential to share information that is important for takeholders in understanding the position, performance and development of the company in a direct and concise manner. It can also discloses detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	Yes	Home > About Us > Sustainability Home > About Us > Investor Relations
It exercises maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about material issues in disclosures and reporting within the scope of the balanced approach.	Yes	Sustainability Priorities, page 33-36 Changes in Material Issues of İşbank, page 465 Sustainability Management, page 38
It gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Yes	Contribution to Sustainable Development Goals, page 46-49
Makes disclosure regarding the lawsuits filed and / or concluded against environmental, social and corporate governance issues	Yes	www.kap.org.tr/tr/Bildirim/977504-973221-952353-947832-945276-928647
A4. Verification		
If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to increase such verification processes.	Yes	Non-Financial Data Reporting Guide and Independent Assurance Report, page 462-470

PRINCIPLES	COMPLIANCE	DEFINITION
B. Environmental Principles		
Discloses its policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	Yes	We Take Responsibility to Mitigate Negative Impacts of Our Operations, page 110 - 119
Complies with environmental laws and other relevant regulations and discloses them.	Yes	Management of Environmental Impacts, page 117
Explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.	Yes	About the Report, page 5 Non-Financial Data Reporting Guide and Independent Assurance Report, page 462-470
Describes the highest level responsible, relevant committees and duties in the company on the issue of environment and climate change.	Yes	Sustainability Management, page 38 İşbank Committees, Sustainability Committee, page 148 Home > About Us > Sustainability > Our Organization 2021 CDP Climate Change Report , page 2- 6
Describes the incentives it offers for the management of environmental issues, including the achievement of goals.	Yes	2021 CDP Climate Change Report , page 6- 7
Explain how environmental matters are integrated into business goals and strategies	Yes	Our Business Model: İşbank Banking, page 30 Global Tendencies, Risks, Opportunities and Forecasts, page 26-28 Reliable Financial Actor, page 84, 97-91 Responsible Operations, page 114 Good Corporate Citizen, page 132 2021 CDP Climate Change Report , page 20-21
Discloses the sustainability performances fora business processes or products and services and the activities to improve this performance.	Yes	Home > About Us > Sustainability > Responsible Products and Services Responsible Products and Services, page 74-75 Products and Services Contributing to a Green Economy, page 92-97 Responsible Operations, page 108 Stakeholder Expectations and İşbank's Response, page 39-40
Explains how it manages environmental issues not just in terms of direct operations but throughout the company's value chain and integrates suppliers and customers into its strategies.	Yes	Supply Chain Management, page 110-113 Home > About Us > Sustainability > Our Policies > Supplier Code Of Conduct
It explains whether it is involved in policy making processes on environmental issues (sectoral, regional, national and international), its cooperation with the associations, related organizations and non-governmental organizations it is a member of, and the tasks it has taken, if any, and the activities it supports.	Yes	Contribution to Sustainable Development Goals, page 44-45 Corporate Memberships, page 436 Home > About Us > Sustainability > Memberships and Initiatives
Reports information on its impacts in a periodically comparable manner within the scope of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)	Yes	Environmental Impact, page 114-117 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact



Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE	DEFINITION
Describes the standard, protocol, methodology and base year details used to collect and calculate its data.	Yes	Environmental Impact, page 114-117 Non-Financial Data Reporting Guide and Independent Assurance Report, page 462-470
Discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Yes	Environmental Impact, page 114-117 2021 CDP Climate Change Report , page 30-40 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact
Sets short and long term goals and discloses these goals to reduce its environmental impact. It is recommended that these goals be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year with respect to the targets set before, it provides information on the subject.	Yes	Environmental Impact, page 114-117 2021 CDP Climate Change Report , page 24
Discloses its strategy and actions for combating the climate crisis.	Yes	We Take Responsibility for Climate Action, page 84-88 2021 CDP Climate Change Report , page 20-30 Home > About Us > Sustainability > Responsible Banking > Combating Climate Change
Describes the program or procedures for preventing or minimizing the potential negative impact of the products and / or services it offers; explains the actions to reduce greenhouse gas emissions of third parties.	Yes	Environmental and Social Risk Management in Loans, page 89-91 Financing Renewable Energy, page 92 Products and Services Contributing to a Green Economy, page 92-97 Home > About Us > Sustainability > Responsible Products and Services > Products Contributing to the Green Economy
Discloses the actions taken to mitigate its environmental impacts, the total number of projects and initiatives carried out along with the environmental benefits / benefits cost savings they provide.	Yes	Environmental Impact, page 114-117
It reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Yes	Environmental Impact, page 114-117 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact
Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Yes	Environmental Impact, page 114-117 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact
Carries out studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	Yes	Environmental Impact, page 114-117
Discloses data on its renewable energy production and consumption.	Yes	Environmental Impact, page 114-117
Develops energy efficiency projects and explains the amount of energy consumption and emission reduction enabled by these studies.	Yes	2021 CDP Climate Change Report , page 27-30, 35-36 Responsible Operations, page 108
Reports the amount of water withdrawn, used, recycled and discharged from underground or aboveground, its sources and procedures (Total water withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Yes	Environmental Impact, page 114-117 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact Non-Financial Data Reporting Guide and Independent Assurance Report, page 462-470

PRINCIPLES	COMPLIANCE	DEFINITION
Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Irrelevant	İşbank’s operations or activities are not included in the carbon pricing system. It is known that legal authorities are working on establishing a local carbon trading system. All national and international developments are followed closely and development opportunities are evaluated in this area.
Discloses the carbon credit information accumulated or purchased during the reporting period.	No	İşbank aims to reduce the total Scope-1 and Scope-2 greenhouse gas emissions calculated in accordance with the International GHG Protocol by 38% by 2025, 65% by 2030, and to zero by 2035, and to carry out activities as carbon-neutral as of 2035. As of 2021, İşbank has started to use renewable energy in all of its operational points that can be supplied, and has already reached its targets for 2025 and 2030. İşbank primarily carries out focused efforts to reduce its direct and indirect emissions, and in the following periods, it will also be able to consider the purchase of carbon credits in order to zero the emissions it has reduced to a minimum.
Explains the details if carbon pricing is applied within the company.	No	At this stage, there is no carbon pricing practice in our bank. On the other hand, all activities of our Bank are in a continuous development with the ESG focus, and the implementation of the carbon pricing practice will be evaluated in the following period.
Discloses all compulsory and voluntary platforms where reports its environmental information.	Yes	Initiatives Supported in the Field of Sustainability, page 44-45 2021 CDP Climate Change Report 2021 CDP Water Security Report Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact
C. Social Principles		
C1. Human Rights and Employee Rights		
Forms a Human Rights and Employee Rights Policy with a commitment to fully comply with the Universal Declaration of Human Rights, ILO Conventions which Turkey has confirmed and the legal framework and regulations governing the operation of corporate life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.	Yes	Home > About Us > Sustainability > Our Policies > Human Rights And Human Resources Policy
Provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Yes	Home > About Us > Sustainability > Our Policies > Human Rights And Human Resources Policy Home > About Us > Sustainability > Our Policies > Gender Equality Policy Home > About Us > Sustainability > Our Policies > Supplier Code Of Conduct
Describes the measures taken throughout the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or securing minority rights / equal opportunities.	Yes	Home > About Us > Sustainability > Our Policies > Supplier Code Of Conduct Supply Chain Management, page 39-40 Equal Opportunity and Diversity, page 127-129 Financial Inclusion, page 76-80
Reports developments regarding discrimination, inequality, human rights violations, forced labor and corrective practices. Explain the regulations to prevent child labor.	Yes	Equal Opportunity and Diversity, page 127-129 GRI Content Index, page 474



Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE	DEFINITION
Explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. It regularly explains the activities carried out to ensure employee satisfaction.	Yes	We Take Responsibility for Our Employees, page 120-131 Home > About Us > Investor Relations > Corporate Governance > Remuneration Policy Home > About Us > Investor Relations > Corporate Governance > Ethical Principles and Code of Conduct
Creates occupational health and safety policies and makes them public. Explain the precautions and accident statistics taken to prevent work accidents and to protect health.	Yes	Home > About Us > Sustainability > Our Policies > Occupational Health and Safety Policy Occupational Health and Safety, page 126 Occupational Health and Safety Data, page 456
Creates and publicly discloses personal data protection and data security policies.	Yes	Home > Privacy Policy Home > About Us > Investor Relations > Corporate Governance > Personal Data Protection Policy
Creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and discloses it to the public.	Yes	Home > About Us > Investor Relations > Corporate Governance > Ethical Principles and Code of Conduct
Explains the work within the scope of social investment, social responsibility, financial inclusion and access to finance.	Yes	We Take Responsibility for Future Generations, page 192-198 Financial Inclusion, page 76-80
Organizes information meetings and training programs for employees on ESG policies and practices.	Yes	Talent Management, page 129- 131 Equal Opportunity and Diversity, page 127-129 Human Resources Data, page 455
C2. Stakeholders, International Standards and Initiatives		
Carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	Yes	Sustainability Priorities, page 33-35 Stakeholder Expectations and İşbank's Response, page 39-40
Regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Yes	https://www.isbank.com.tr/en/contact-us https://www.isbank.com.tr/en/contact-form https://www.isbank.com.tr/iletisim-formu-takip Flawless Customer Experience, page 71
Conducts stakeholder communication continuously and transparently; It explains which stakeholders, for what purpose, on what issue and how often it communicated, and the developments in sustainability activities.	Yes	Stakeholder Expectations and İşbank's Response, page 39-40
Publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), ClimateRelated Financial Disclosures Task Force (TCFD) etc.).	Yes	About the Report, page 5 Initiatives Supported in the Field of Sustainability, page 44-45 2021 CDP Climate Change Report

PRINCIPLES	COMPLIANCE	DEFINITION
Publicly discloses the international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGCI), United Nations Principles for Responsible Investment (UNPRI) etc.) which it is a signatory or member of, and international principles adopted (International Capital Market Association (ICMA) Green / Sustainable Bond Principles).	Yes	İşbank's Sustainability Journey, page 32 Initiatives Supported in the Field of Sustainability, page 44-45
Makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Yes	Initiatives Supported in the Field of Sustainability, page 44-45
D. Corporate Governance Principles		
Makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.	Yes	Corporate Governance Compliance Report, page 163-169 Corporate Governance Information Form, page 170-180
Takes into account the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate management strategy.	Yes	Sustainability Priorities, page 33 Sustainability Management, page 38 We Take Responsibility for a Transparent Management, page 134 2021 CDP Climate Change Report , page 2
Takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders and applies to the opinions of stakeholders in determining the measures and strategies in the field of sustainability as stated in the Corporate Governance Principles.	Yes	Sustainability Priorities, page 33 Sustainability Management, page 38
Works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Yes	We Take Responsibility for Future Generations, page 192-198
Strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	Yes	İşbank's Sustainability Journey, page 32 Initiatives Supported in the Field of Sustainability, page 44-45 Corporate Memberships, page 436 Home > About Us > Sustainability > Memberships and Initiatives
Explains policies and programs for the fight against bribery and corruption and the principle of tax integrity	Yes	Home > About Us > Sustainability > Our Policy > Anti-Bribery And Anti-Corruption Policy Our bank's tax obligations are fulfilled within the framework of the relevant legislation. Detailed information about its tax liability can be found under the heading "Explanations on Tax Applications" https://www.isbank.com.tr/en/about-us/financial-statements



ANNUAL MEETING DOCUMENTS

İşbank’s Dividend Distribution Policy

The principles regarding the profit distribution of the Bank are regulated in Article 58 of the Articles of Incorporation. According to this:

"İşbank's principles of dividend distribution are set by article 58 of the Articles of Incorporation. According to this article, after deducting all general expenses from the income arising from the operations of the Bank within a year, including premiums and bonuses and similar payments to the personnel of the Bank, and funds for all kinds of depreciations, as well as necessary provisions, the net profit obtained shall partly be set aside as contingency reserves and partly distributed in the order, manner and at the rates indicated below:

- a) 1-** 5% to statutory reserve fund,
- 2-** 5% as provision for probable future losses,
- 3-** 10% as first contingency reserve

If the cause for setting aside of a provision and fund for a probable future loss and/or risk doesn't exist anymore, the remaining fund will be added to first contingency reserve (a/3) after distribution of net profit referred to in paragraph (a).

b) From the balance of the net profit after the reserve fund referred to in paragraph (a) above have been set aside, an amount equal to 6% of the paid up capital represented by Group A, B and C share certificates, shall be distributed to shareholders as the “first dividend”. Should the profit realized in any year be insufficient to provide for the first dividend of 6% referred to above, the balance shall be made up and distributed out of the contingency reserve fund. Provided, however, that any amount thus taken out of the reserve fund shall constitute a charge to be made up out of the profits to be realized in the subsequent years.

c) After the reserved fund and the first dividend referred to in paragraphs (a) and (b) above have been provided for, the balance of the net profit shall be set aside and distributed as follows:

- 10% for founder shares (limited to the portion of TL 250 thousand – two hundred and fifty thousand –of paid capital)
- 20% to the employees of the Bank, and
- 10% as second contingency reserve.

d) After the amounts set forth in paragraphs (a), (b) and (c) have been set aside and distributed, the balance shall be distributed to the shareholders as “second dividend” in the manner stated below and taking into consideration paragraph (e).

1- The net total of the dividends to be distributed to the holders of Group (A) shares as first and second dividends under paragraphs (b) and (d) may be not exceed 60% of the capital paid up by them, the net total of the dividends to be distributed to holders of Group (B) shares may not exceed 30% of the capital paid up by them, and the net total of the dividends to be distributed to holders of Group (C) shares may not exceed 25% of the capital paid up by them.

2- After the amounts set forth in paragraphs (a), (b) and (c) have been set aside and distributed, should the balance be insufficient to distribute the second dividend in the manner specified by the paragraph (1) above, twice the amount of the paid up capital represented by Group (A) shares the actual amount of the capital represented by Group (B) shares, and the 5/6 (five sixth) amount of the capital represented by Group (C) shares shall be taken as the basis, and, total dividends to be paid to the three Groups of shares shall be calculated separately in the distribution of the second dividend.

e) The amount that needs to be added to the statutory reserve under paragraph 2/c of Article 519 of the Turkish Commercial Code, shall be set aside.

f) The General Assembly shall, upon proposal of the Board of Directors, decide whether the balance remaining after the distribution and allocation of the net profit as specified above shall be transferred to the extraordinary reserve funds, or carried over to the following year, or up to 80% of such amount be distributed to the shareholders by dividing of the same by the number of shares and the remaining balance be transferred to the extraordinary reserve funds or carried over to the following year. In the calculation of the dividends to be paid to all three Groups of shares; group A shares will be considered as 40 times the share quantity, due to the reason that 20 Group (A) shares each with a nominal value of TL 500 (this amount is related to the period prior to the Law regarding the Monetary Unit of the Turkish Republic (No:5083) on which the rate of change has not been applied) have been changed with 1 Group (A) share with a nominal value of 1 Kuruş, Group B shares will be considered as 1.5 times of the share quantity, and Group C shares will be considered as the same quantity."

The dividends are distributed within the scope of the related legislation in a manner and at a time determined by General Assembly.

Summary Report of the Board of Directors

Esteemed Shareholders, welcome to our Bank's 98th Annual General Meeting. As we present the Board of Directors' Report, the Balance Sheet and the Income Statement covering the results of our activities in fiscal year 2021 for your review and approval, we respectfully greet all of you here today.

In 2021, the global economy displayed a rapid recovery thanks to the continued support of economic measures and vaccinations which lessened the impact of the pandemic despite new variants of the Covid-19 virus. Supply shortages and disrupted supply chains, which emerged as a result of this rapid recovery while the pandemic conditions persisted, as well as rapidly increasing commodity prices due to the problems caused by climate change, caused inflationary pressures to reach alarming levels on a global scale.

With the support of strong domestic demand, export growth and investments, the Turkish economy is estimated to have reached double-digit growth in 2021, exceeding the expectations from the beginning of the year by a large margin. We also observed improvements in budget indicators and the external balance outlook throughout the year. On the other hand, the inflation levels rapidly deteriorated with the impact of global inflationist pressures, fluctuations in financial markets and the strong trend of economic activity.

The CBRT maintained its tight monetary policies until September but started a cycle of interest rate cuts as the tight monetary stance had caused commercial loans to shrink even more than anticipated. Therefore, loan growth showed signs of recovery during the last quarter of the year. As of year-end 2021, TL loans in the banking sector, excluding participation banks, grew by 20.6% compared to year-end 2020. The volume of FX loans in USD terms, which had also performed poorly during recent years, decreased by 7.2% in parallel with the continued trend of reducing FX debts. The total loan volume increased by 36.1% in 2021 with the impact of rising exchange rates.

The volume of FX deposits increased by 78.4% compared to year-end 2020 with rising exchange rates, while the volume of TL deposits grew by 19.9% during the same period. Thus, the total volume of deposits increased by 51.5% during the year.

As of 31.12.2021, compared to the end of the previous year,

- The amount of our loans reached TL 493.4 billion with a 42.9% increase,
- The amount of our deposits reached TL 595.6 billion with a 61.5% increase,
- Our total assets reached TL 926.6 billion with a 56.0% increase, and
- The amount of our shareholders' equity reached TL 86.8 billion with a 28.1% increase.

Thanks to its stable growth policy and effective risk management practices in loan allocation processes, our Bank achieved an NPL ratio of 4.1% at the end of 2021. At the same time, İşbank maintained its leadership among private banks in terms of the total amount of deposits in 2021 and continued to make use of non-deposit funding sources in domestic and foreign markets in order to diversify funding sources and extend the maturity structure of its liabilities by taking funding costs into consideration.

The Bank preserved its strong capital structure throughout the year, with a capital adequacy ratio of 20.4%, well above the regulatory limit, as of year-end 2021. The Bank achieved a net profit of TL 13.5 billion in 2021 with a return on equity and return on asset ratio of 18.4% and 1.9%, respectively.

Our Esteemed Shareholders,

We hereby submit our Annual Report, Balance Sheet and Income Statement pertaining to our activities during 2021 for your review and approval. We would like to take this opportunity to express our gratitude to our stakeholders for their steadfast trust in our Bank, to the institutions of the Republic of Turkey for their support, and to our employees for their dedicated efforts. We extend our respects to you, our valued shareholders, for having honored this General Meeting with your attendance.

İŞBANK BOARD OF DIRECTORS



Annual General Meeting:

As per the resolution of the Board of Directors of İşbank, the Annual General Meeting of the Bank will be held at 14:00 on 25 March 2022, Friday in the İş Kuleleri Headquarters Auditorium, 34330 Levent-İstanbul.

Agenda of the Annual Meeting

1. Opening Ceremony, establishment of the Council of Chairmanship
2. Discussion of 2021 Annual Report of the Board of Directors, Financial Statements, the Independent Auditors' Reports and ratification of the Annual Report of the Board of Directors and Financial Statements
3. Discharge of the Board of Directors from their responsibilities for the transactions and accounts of the year 2021
4. Determination of the method and date of allotment of dividends to be distributed, which is permitted by the BRSA based on our Bank's application.
5. Determination of the allowance for the members of the Board of Directors
6. Selection of the Independent Audit Company
7. Permitting the Members of the Board of Directors as per articles 395 and 396 of the Turkish Commercial Code
8. Presenting information to the shareholders on the subjects held in Capital Markets Board Corporate Governance Communique principle no. 1.3.6
9. Presenting information to the shareholders about the donations

Profit Distribution Offer

As a result of our activities in 2021, our Bank's net profit for the period was TL 13,467,894,852.06. On the other hand, the Bank has prior years' profit in the total amount of TL 5,414,585,931.21 which results from the application of the TFRS 9 – Financial Instruments reporting standard and stems from the equity method specified in the TAS 27 – Separate Financial Statements accounting standard and emerged due to sales of some of our fixed assets which were monitored in accordance with the TAS 16. As a portion of the net profit for the reporting year is distributed to the Bank's employees pursuant to article 58 of the Bank's Articles of Association, we have an amount of TL 360,000,000.00 set aside in 2021 for dividends to be distributed to the Bank's employees within the framework of the TMS 19 - Employee Benefits accounting standard by taking into consideration our dividend distribution policy, prior practices and the applicable legislation. Accordingly, it is proposed as follows:

- the accounting profit making the basis of the distribution be determined as TL 18,882,480,783.27 by adding prior years' profit of TL 5,414,585,931.21 to the net profit for the period,
- out of the accounting profit, the portion in the amount of TL 35,131,743.00 arising from the earnings on disposal of real estates be transferred to relevant reserves to be maintained in a specific fund account and for conversion into capital when needed by the Board of Directors in order to benefit from the exclusion provisions set out in article 5 of the Corporate Tax Law no. 5520; and the portion of TL 108,473,520.00 be set aside as a venture capital fund to be allocated to venture capital investment trusts and funds,
- the portion in the amount of TL 360,000,000.00, which was set aside for dividends to be distributed to the Bank's employees, be added to the distributable amount,
- based on the distributable amount so formed, 10% thereof that needs to be set aside as first extraordinary reserves be increased within the frame of the provisions of the Banking Law and the Turkish Commercial Code and a total of TL 10,056,519,454.58 be set aside as first extraordinary reserves, and the distributable amount of TL 19,098,875,520.27, which includes the first extraordinary reserves mentioned above, be distributed as follows and the remaining amount of TL 33,266,732.16 after distribution be set aside as extraordinary reserves pursuant to the provisions of applicable legislation and Article 58 of the Articles of Association of İşbank.

		TL
PROFIT FOR THE PERIOD		13,467,894,852.06
PRIOR YEARS' PROFIT		5,414,585,931.21
NET ACCOUNTING PROFIT		18,882,480,783.27
UNDISTRIBUTED PROFIT		- 143,605,263.00
ADDED TO DISTRIBUTION		360,000,000.00
DISTRIBUTABLE PROFIT		19,098,875,520.27
I. FIRST DISTRIBUTION		
(Articles of Incorporation Art. 58/a-b)		
- 5% Legal Reserves	954,943,776.01	
- First Extraordinary Reserves	16,076,526,255.79	
- First Dividends		
To Group A Shares	60.00	
To Group B Shares	1,740.00	
To Group C Shares	269,998,200.00	17,301,470.031.80
		1,797,405,488.47
II. SECOND DISTRIBUTION		
(Articles of Incorporation Art. 58/c-d-e)		
- To Founder Shares	9,985.59	
- 20% to the Bank Employees	359,481,097.69	
- 10% Legal Reserves	125,949,288.33	
- 10% Second Extraordinary Reserves	179,740,548.85	
- Second Dividends		
To Group A Shares	540.00	
To Group B Shares	6,960.00	
To Group C Shares	854,994,300.00	1,520,182,720.46
		277,222,768.01
III. THIRD DISTRIBUTION		
(Articles of Incorporation Art. 58/f)		
- Third Dividends		
To Group A Shares	7,884.91	
To Group B Shares	8,574.85	
To Group C Shares	221,761,754.65	
- 10% Legal Reserves	22,177,821.44	243,956,035.85
		33,266,732.16

Provided that the above proposal is accepted by the General Assembly, dividend payout to the Bank's shareholders will commence on 29.03.2022, and gross profit shares shown in the table below will be distributed to each share group with a nominal value of TL 1 and to each founder share:

Type of Share	Gross TL
To Group A shares with a nominal value of TL 1	8.4849100
To Group B shares with a nominal value of TL 1	0.5956845
To Group C shares with a nominal value of TL 1	0.2992807
To each Founder Share	4.0624858



We Take Responsibility for Future Generations

As one of the leading banks in Turkey, İşbank plays a pioneering role in building a better society. We take responsibility for future generations by contributing to the national economy and undertaking long-term social responsibility projects.

İşbank undertakes various projects in the fields of education, the environment and culture-art in order to share the added value it creates through its main field of activity with society as much as possible. Social investment programs, including the Bank's corporate social responsibility projects, are executed under the supervision of the Corporate Social Responsibility.

Committee, which directly reports to the Board of Directors. İşbank ensures effective stakeholder engagement in its social responsibility projects by bringing together different groups of stakeholders, including especially non-governmental organizations. Such projects are designed to contribute to the Sustainable Development Goals and address the needs of society.

Material Issues

Corporate Social Responsibility

Related Capital Element



Risks

- Loss of reputation
- Reduced brand awareness among younger generations

Opportunities

- Being a trusted bank in the eyes of stakeholders and society with projects developed in line with society's needs
- Projects aligned with the UN Sustainable Development Goals
- Direct communication with customers thanks to increased financial literacy
- Contribution to corporate reputation

Contributed SDGs



KEY PERFORMANCE INDICATORS

	2018	2019	2020	2021
Contribution to equal opportunities in education 81 Students from 81 Cities	Including graduates, the number of students is close to 700.	With the 54 students who graduated in 2019, the number of students is nearly 750.	In 2020, the total number of graduates reached 231.	In 2021, the number of graduates reached 296.
Supporting the upbringing of generations who read and question, and supporting the cognitive and cultural development of children: "Show Your Report Card, Get Your Book" Campaign - the number of books donated	With the 11th campaign, a total of 13 million books have been donated to primary school students to date.	With the 12th campaign, a total of 14 million books have been donated to primary school students to date.	The 13th campaign was transferred to digital format within the framework of COVID-19 measures, and 4 electronic books were donated.	The 14th campaign was held as a hybrid campaign within the framework of COVID-19 measures. In addition to the 3 electronic books donated, 1 book was also printed in a limited number.
Supporting the upbringing of generations who read and question, and supporting the cognitive and cultural development of children - Book donations to schools - the number of books sent to schools and libraries	More than 52 thousand books were sent to 2,844 schools and libraries.	More than 58 thousand books were sent to 3,116 schools and libraries.	As a result of the pandemic, more than 22 thousand books were sent to more than 1,200 schools and libraries.	The number of books sent to schools reached 31,615 books which were distributed to 1,734 schools as of year-end 2021.

TARGETS

	Realization in 2021	Realization	Targets for 2022 and Beyond
Continuing the "Show Your Report Card, Get Your Book" campaign on digital platforms as well due to the Covid-19 pandemic in 2021	Due to COVID-19, it was deemed risky for students to go to our branches, and the project was moved to the digital platform. In addition to the 3 electronic books donated, 1 book was also printed in a limited number.	✓	The Bank plans to continue the campaign in a hybrid model in 2022 as well, within the framework of COVID-19 measures.
Continuing the "81 students from 81 cities" campaign with the students attending Darüşşafaka and bachelor's degree scholarship holders	The total number of our graduates reached 296.	✓	The project is still ongoing. İşbank aims to contribute to social development through its social responsibility projects planned to be carried out in a sustainable manner for long-term and widespread access. İşbank makes strong investments in today and in the future and creates permanent value through projects in the fields of training, the environment and culture-art. The Bank will continue its social investment programs where it can create a positive impact in the following periods.



PROJECTS in the EDUCATION FIELD

Being aware of the effective role of education in ensuring the permanence of social development İşbank carries out inclusive long-term projects in the field of education. The Bank's purpose is to contribute to the education of new generations who embrace the principles of Atatürk and will move our nation up among the ranks of modern societies.

Chess

İşbank contributes to chess education to make it a popular and easily accessible sport. The Bank became the main sponsor of the Turkish Chess Federation (TSF) in 2005 to help transform chess into a popular sport across the country.

İşbank Chess Classes

Chess classes are set up in primary and secondary schools to encourage children to play chess, draw the attention of teachers and parents to this sport and eliminate the lack of equipment in schools with limited resources. As of 2021, the total number of chess classes opened in schools reached 30,000..

Main Sponsorship of the Northern Cyprus Chess Federation

In addition to being the main sponsor of TSF, İşbank has also been a sponsor of the Northern Cyprus Chess Federation (KKSF) since 2013. After the sponsorship, chess started to take place as a club activity once a week in primary schools in the Turkish Republic of Northern Cyprus (TRNC). All schools in the TRNC have chess classes.

Turkish Juniors, Youth and Veterans Chess Championship

The "Turkish Juniors and Youth Chess Championship", which is normally held in Antalya in January every year, was held in the Konya - Selçuklu Congress Center between 27 August - 3 September 2021. A total of 1,371 players, including 420 players in the youth category and 951 players in the juniors category, competed at the 2021 Turkish Juniors and Youth Chess Championship. 220 players joined the talent pool of the national chess team as a result of their success at the championship. Players from each age category who ranked high at the championship have earned the right to join the Turkish national teams.

Within the framework of the preventive measures implemented due to the coronavirus pandemic, the School Sports Chess Championships were held as a hybrid competition.

81 Students from 81 Cities

With the mission of "equal opportunity in education", Darüşşafaka offers children who have lost their mother and/ or father and who have insufficient financial means a quality education under modern conditions from fifth grade to the last year of high school with full scholarship and boarding.

With the "81 Students from 81 Cities" project initiated in the 2008-2009 academic year in cooperation with Darüşşafaka, İşbank implemented one of the most comprehensive and long-term projects in the field of education in the country. The education expenses of all students included in the program within the scope of the project are covered by İşbank. Within the scope of the project, at the end of the 2020-2021 academic year, 65 students graduated from the school in this 13th term, and the total number of graduates reached 296.

İşbank continues to support students who graduated from Darüşşafaka and passed the university entrance exam under the 81 Students from 81 Cities Project. In addition, within the scope of Koç University's "Anadolu Scholarship Holders" program, the education expenses of a certain number of students who graduate from Darüşşafaka each year are covered by İşbank. The total number of students, including the graduates, is approximately 750.

One Million Books, One Million Children

One Million Books, One Million Children is "Show Your Report Card, Get Your Book", one of the biggest book campaigns in Turkey carried out to date, was launched by İşbank at the end of the 2007-2008 academic year.

The campaign was intended to support the development of children's cognitive and cultural abilities, support the bringing up of a generation who reads and, and contribute to cordial communication between İşbank and children at an early age.

The campaign, which was held for the 14th time at the end of the 2020-2021 academic year, was transferred to the digital platform within the scope of coronavirus measures. 3 books were presented to children through the Kumbara Magazine: Bambi, Kayıp Dünya, and İklim Hakkında Konuşalım.

In addition, a limited number of books were printed in the Braille alphabet and sent to schools providing education for the visually impaired. For children in regional boarding schools, affection houses, closed youth prisons and juvenile reformatories, a selection of the works published by İşbank's Cultural Publications and other children's books were provided within the scope of the campaign.

Book donations to schools and libraries

As part of our social responsibility activities in contribution to education, books published by İş Bankası Kültür Yayınları are sent to schools and public libraries throughout Turkey. In 2021, nearly 32 thousand books were delivered to approximately 2 thousand schools and libraries.

Kumbara Magazine (Kumbara Dergisi)

The magazines "Kumbara" and "Mini Kumbara", which are prepared with two different contents for 3-6 and 7-14 age groups to provide high-quality, instructional and entertaining content to children, are published digitally. In Kumbara Magazine, which is the main channel of the One Million Books, One Million Children campaign, entertaining content prepared in cooperation with İş Sanat and additional content such as a game called "Piggy Bank Adventure", "Science Heroes Series", "Fun Experiments" and "Arduino" have been published in order to teach financial literacy to children.

Golden Youth Award

Every year since 1971, students who are successful in the university entrance exam are rewarded with the "Golden Youth" award by İşbank. The number of students, who have received awards to date, exceeded 3,700. The number of students who have been awarded so far has exceeded 3,700.

Artificial Intelligence Application and Research Center

The "Artificial Intelligence Application and Research Center" was established in cooperation with İşbank and Koç University in order to contribute to the scientific and academic activities of our country and to carry out advanced studies in the field of artificial intelligence, which is of great importance worldwide.

In the Artificial Intelligence Center established under the roof of Koç University Faculty of Engineering, Koç University faculty members train experts for industry and academia, as well as work to solve the problems of the business world.

Infectious Diseases Application and Research Center

During the COVID-19 pandemic, which affected the world and our country, İşbank and Koç University entered into an important cooperation and pioneered the establishment of the "Infectious Diseases Application and Research Center" in order to contribute to the scientific and academic activities of our country in the field of public health.

Established within Koç University with the support of İşbank, the center is intended to contribute to the scientific activities of our country in the field of public health, conduct research on infectious diseases, provide diagnosis and treatment solutions for diseases and develop prevention methods. The center, which undertakes coordinated projects among the Faculty of Medicine, Engineering, Science, Economics and Administrative Sciences and Humanities Faculties within Koç University, carries out its activities at the Koç University Hospital in Topkapı.

Turkish Chess Federation Main Sponsorship

Following İşbank's main sponsorship of the Turkish Chess Federation, the numbers below have increased:

Licensed players from

30,000 to
1,040,216

Chess trainers from

2,000 to
87,054

Chess tournaments from

400 to
12,000

Chess clubs from

600 to
2,205

Title-holders from

6 to
209

Arbiters from

1.738 to
11.726

Total number
of medals won

527

In chess tournaments, a total of 27 world championships, 32 second place awards, 39 third place awards, 73 European championships, 69 European second place awards, and 61 European third place awards have been won so far.



PROJECTS in the ENVIRONMENTAL FIELD

İşbank develops various projects in cooperation with non-governmental organizations to create a better world to live in, draw attention to environmental problems associated with deforestation, and ensure the development of environmental awareness in society, especially among children.

Nature Education Programs

TEMA Foundation's Nature Education Programs are supported with the revenues obtained from the İş Asset Management TEMA Variable Fund -Turkey's first environmental fund offered by İşbank and its subsidiary İş Portföy.

"Nature Education Programs", which are defined as "Mini TEMA" for preschool children and "Junior TEMA" for elementary school-age children, are ecological literacy trainings prepared by the TEMA Foundation for children to spend time in nature, and observe and discover nature by feeling, touching, smelling and hearing.

In the 2021-2022 academic year, within the scope of nature education programs, approximately 200 thousand children were reached in 81 cities. Within the scope of the Mini TEMA Nature Education Program, 75,134 children from 2,475 schools benefited from environmental education with the support of 5,405 volunteer teachers. Within the scope of the Junior TEMA Nature Education Program, 100,235 children from 1,787 schools benefited from environmental education with the support of 3,979 volunteer teachers. Additionally, nearly 88,940 children were reached through the education portal.

Within the scope of Mini TEMA and Junior TEMA Education Programs,

175,369
children from

4,262
Schools benefitted from environmental education with the support of

9,384
volunteer teachers.

PROJECTS in the CULTURE and ART FIELD

İş Bankası contributes to the enrichment of culture and art in Turkey. İşbank Cultural Publications offers books and other publications with rich content and high-quality print. On the other hand, art and museum activities have been continued within İş Sanat since 2017. İş Sanat is one of the leading arts organizations of Turkey with its on-stage and music events, activities in the field of plastic arts and historical studies. The Bank also supports projects that are aimed to unearth the archaeological heritage of Turkey, introduce it to the youth and preserve it for the future.

Kültür Yayınları

Türkiye İş Bankası Kültür YayınlarQuality publishing, contribution to the development of Turkish language and helping children develop the habit of reading at an early age are the main principles of Türkiye İş Bankası Kültür Yayınlar. Within this context, more than 18 million books were presented to readers in 2021.

İş Sanat

In its 21st season, İş Sanat prepared an online program consisting of artists from our country, taking into account the importance of solidarity in combating the difficulties of the period. Many activities ranging from classical music concerts to local projects, story and poetry recitals, fairy tale theaters, from theater readings to virtual exhibitions were performed. The events recorded in İş Towers Hall are available on İş Sanat's social media accounts.

During this season, which started with the İstanbul Ensemble concert on 5 November 2020 and consisted of online events only, 49 music events received 17,831,910 views, 80 literature events attracted 12,120,213 views, and 123 regular contents received 2,524,164 views.

Whilst the pandemic conditons eased, people met face-to-face in the open air in front of the İş Towers Kibele Statue as part of the "Happy Hour Friday " activities in autumn. Whereas the 22nd season was prepared with a hybrid approach, and both stage and online events were planned as part of the program.

Kibele Art Gallery and Ankara Art Gallery

Kibele Art Gallery and Ankara Art Gallery host exhibitions of master artists in the field of plastic arts.

No gallery exhibition was planned to be hosted during the 2020-2021 season as per the pandemic measures. At the end of 2021, Kibele Art Gallery and Ankara Art Gallery opened the new season with Beril Anılanmert's exhibition "Logbook" and Soner Genç's exhibition "Treasure of Time", respectively.

Mimar Sinan Fine Arts University, Fine Art Conservation and Restoration Laboratory

In the "Fine Art Conservation and Restoration Laboratory", which was established in cooperation with Mimar Sinan Fine Arts University to support academic studies on the restoration and conservation of artworks and to contribute to the training of a qualified workforce, maintenance and repair works are carried out on the works in the İşbank Art Collection. In addition, within the scope of the cooperation, an undergraduate program of Fine Art Conservation and Restoration was established within the university in the 2013-2014 academic year and the department continues its educational activities.

Contributions in the Field of Archaeology

İşbank provides support for archaeological excavations in order to unearth the rich archaeological heritage of Turkey and preserve and reintroduce it to world cultural heritage. In this context, the contribution provided to the "House of Muses" excavations in Zeugma Ancient City in Nizip, Gaziantep started

in 2012 and the works were completed in October 2019. In 2021, the Bank made the decision to provide financial support for the roof project planned for the House of Muses. İşbank has been contributing to the "Patara Ancient City" excavations in Kaş, Antalya, together with its subsidiaries Şişecam and Turkish Industrial Development Bank since 2016. As the Year of Patara was extended into 2021, we have extended the duration of our support to this ancient city for 2 more years.

We have been supporting the excavations in the Dionysos Temple in "Teos Ancient City" in Seferihisar, İzmir, since 2018 and the excavations of Sütunlu Cadde (column-lined street) in "Nysa Ancient City" in Sultanhisar, Aydın since 2019. For the New Year 2022, the book titled Teos: Inscriptions, Cults and Urban Fabric was authored with Prof. Musa Kadioğlu as editor. As of 2021, the Bank has decided to support the Stratonikeia Ancient City and Yesemek Hittite Statue Workshop and İslahiye-Nurdağı Region Surface Research.

We believe that the archaeological assets to be discovered with the financial support of the bank will not only shed light on the history of civilization in Anatolia, but will also be a great contribution to world heritage. The Bank is also carrying out various communication activities.

Within the scope of music events, dance events were held in Patara and Tragedia events were held in Teos, which were made available for online viewers.

The Bank has provided financial support to the Istanbul Archaeology Museums for the 18th Istanbul Archaeology Museums Yearbook.



MUSEOLOGY AND HISTORY STUDIES

İşbank Museum (Yenicami, Istanbul)

Since opening its doors in November 2007, İşbank Museum has been telling and presenting the long-established corporate history of the Bank as well as the economic development of Turkey through banking equipment, documents, communication tools, photographs, advertising-promotional materials and films.

The Museum, which had been closed for visits on 20 November 2020 as part of pandemic measures, opened its doors again on 8 June 2021.

On 28 October 2021, the exhibition titled “After a Century / Fronts, People and Great Victory” was opened for visitors. Nearly 20 thousand people have visited the exhibition since its launch. Inspired by the 2 medals previously donated to our museum, we invited the general public to lend their memorabilia from the time of the National Struggle and war medals of their family elders to be displayed in the İstiklal (Independence) exhibition. A special area was prepared within the exhibition for 285 medals that were borrowed.

The total number of visitors in 2021 reached 31,653, while the total number of visitors since the opening of the Museum reached 1,855,733.

İstiklal Exhibition Towards the 100th Anniversary of the Great Victory

The İstiklal Exhibition, which was originally opened within İşbank Museum in 2019, was expanded with İzmir-specific additions and re-opened for visitors at İzmir Kültürpark Atlas Pavilion on 30 August 2021. The exhibition will be open until 9 September 2022, which commemorates the 100th anniversary of the liberation of İzmir.

The exhibition hosted more than 50 thousand visitors from its opening date to the end of the year.

İşbank Museum of Economic Independence (Ulus, Ankara)

İşbank transformed its historical building in Ulus, Ankara, which had served for many years as the bank's third Head Office building, into a museum in order to share with the public its experience, which is of great importance in terms of national economic history. The historical Ulus building, one of the capital's landmarks, was opened in 2019 as the "İşbank Museum of Economic Independence" to host documents and memories of the country's economic independence and development process.

While there are permanent exhibitions on the ground, 1st and 2nd floors of the museum, the İş Sanat Ankara Gallery is on the 3rd floor, temporary exhibition halls are on the 4st floor and an event hall is on the 5st floor. Temporary exhibition halls host the exhibition titled "Independence in the 100th Anniversary of the War of Independence", a part of which was opened in Istanbul.

The Museum was closed to visitors three times during the year as per the pandemic measures. The number of visitors reached 19,818 in 2021, while the total number of visitors reached 103,830. A documentary about the building's history and opening of the Museum was filmed on 26 August.

Preparations for the Art Museum

The restoration of the Art Museum building, which started in 2020, continued in 2021 as well. Prof. Gül İrepoğlu, Prof. Rahmi Aksungur and Burçak Madran were assigned as founding curator, plastic arts consultant and museological consultant, respectively, during this period.

Istanbul Foundation for Culture and Arts - International Istanbul Music Festival

The Bank sponsored the Festival Orchestra & Hande Küden concert which was performed in the courtyard of St. Benoit high school on 31 August 2021 as part of the 49th International Istanbul Music Festival.





SPECIAL SECTION: COMBATING THE COVID-19 PANDEMIC

The year 2021 was an extraordinary year in terms of Business Continuity Management activities all around the world due to the impact of the coronavirus pandemic. Thanks to its technological investments and digitalization projects, İşbank was able to take quick action during the pandemic and allowed its employees to work remotely in a secure manner.

During this challenging period, including especially the full lockdowns in 2021, business continuity measures were taken which covered the Head Office, Regional Directorates and Branches, and the remote working practices which began in 2020 continued in 2021.

Business continuity practices

- As part of the pandemic measures, computers prepared in advance to allow information systems to function properly were quickly delivered to related branches and employees by our field and planning teams.
- 2,875 notebooks and 161 SIM cards were supplied to the Head Office Divisions.
- For our branches, a total of 3,639 notebooks were allocated, with an additional 641 notebooks being supplied in 2021, to meet their requirements as per remote working arrangements. Thus, the percentage of employees who were provided with a notebook for use when working remotely reached 52%. Additionally, 86% of the Head Office employees were provided with the necessary hardware and equipment for remote working.
- 55" LCD screens were installed in 50 branches, and main queue screens were installed on branch displays at
- 200 branches so that customers could wait outside the buildings without needing to go inside to check the queue.

- Software and ultrasonic sensor equipment were developed which allowed customers to take their tickets without touching the queue management kiosks.
- The notebooks owned by the Bank were prevented from accessing the internet when used outside the bank's network without a VPN service, and development activities started to ensure that the traffic would go through the bank's security devices after a VPN connection was established.
- This prevented notebooks from connecting to unsecure networks.
- As part of YNÇM, the Bank invested in VDI licenses and infrastructure in order to ensure that the divisions working remotely could work with virtual clients in a more secure and sustainable environment, instead of establishing remote desktop connections to physical computers.
- Teleconferencing software was enhanced with Jabber Softphone, virtual conference rooms and Zoom app solutions so that collaborative meetings with a large number of participants could be seamlessly held.

Work life practices

- As the Coronavirus pandemic began to impact the entire world in early 2020, the Bank focused on pandemic measures and follow-up activities by prioritizing the health of employees and their families as part of its Occupational Health and Safety practices.
- The Bank put a comprehensive set of measures in place by reviewing and taking into consideration the practices and recommendations of the World Health Organization, the Ministry of Health of the Republic of Turkey, and Infectious Diseases Associations as well as other countries, organizations and institutions.

- Employees were constantly informed about the pandemic and measures through videos and announcements, and thousands of questions and notifications conveyed by employees through the Bank's internal communication channels such as e-mail, phone, Maximo, Corona Pandemic Line and "I Have a Suggestion" were answered.
- All employees who tested positive for COVID-19 were closely monitored, and the necessary measures and actions were taken to ensure that other employees working at the same Branch/Region/Head Office buildings as the infected employees were not negatively affected, and the course of the pandemic was reported on a regular basis.
- A digital system was soon put in place that allowed reporting and monitoring of the current status of our employees in terms of COVID-19 infection via the system.
- Emergency action plans of all branches and buildings were renewed, and pandemic risk assessment reports and pandemic plans were prepared.
- In 2021, the "New Practices in the Banking Sector Introduced During the COVID-19 and Post-COVID-19 Period", "Everyone Is Their Own Hero" and "Resilience" trainings were provided.
- Under the pandemic, all training activities have been rapidly adapted to the new conditions. As of early March 2020, all classroom trainings began to be offered as live digital trainings (via platforms such as Zoom and Webex). (However, some trainings such as Basic First -aid, First Aid Refresher, and Private Security Refresher trainings continued to be provided in a classroom environment due to legal requirements).
- In addition to the digital trainings "Cyber Security Measures at Home" and "Remote Working Guide" provided to assist our employees as they worked outside the office in 2020, the digital training "Remote Connection Methods" providing the directions and workflow steps to ensure our employees could securely connect to the Bank's systems was also made available to our employees as remote working practices were widely adopted in 2021.
- The digital training "Basics of JIRA" was also made available to our employees to provide them with information about the use of the "JIRA" application which helped teams to carry out business processes and meet project schedules in a collaborative way regardless of their location.
- During the pandemic, "Increasing Our Psychological Resilience", "Managing Our Anxiety", "Being a Parent While Working Remotely", "Managing Time Quality", "Managing Emotions", "Tips for Effective Communication and Motivation" and "Emotional Resilience" video trainings were presented to the employees through the Learning World/işTube.
- "Remote Team Management" training, which provides information about communication, contact, motivation, delegation and task follow-up with a team when working remotely, will continue to be given to Head Office managers in order to ensure efficient use of İşbank's remote working model.

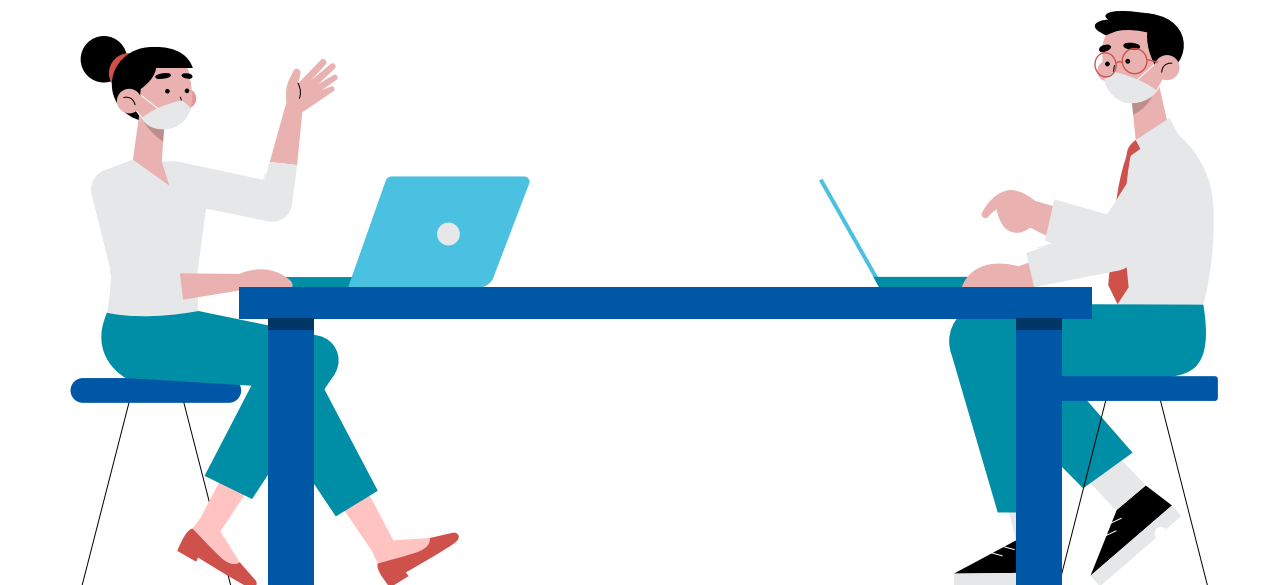
- The Bank is working with related stakeholders to evaluate and review remote access privileges and the systems accessed, and to minimize the information security risks associated with remote working by developing alternative solutions. The trace records created by endpoint protection solutions installed in corporate computers and the operating system security warnings are sent to the central trace record tracking system. This data is then reviewed by the Security Defense and Intelligence Center (GİSM) to detect possible security issues. To ensure continuity of this data flow, IT teams are working on changing/improving the design of remote access.

Measures taken since the onset of the pandemic:

- Our employees began to work remotely in rotation.
- Remote and hybrid work models and flexible working hours were put in place as a pilot program as per the business requirements of the Head Office Divisions.
- Remote and hybrid work models were put in place at some branches as a pilot program.
- An unlimited supply of masks, gloves and hand sanitizers were provided to protect the health of our employees.
- Acrylic panels were installed in dining halls and branches to protect our employees and customers against transmission.
- Home internet services were provided for our call center employees.
- Proper nutrition training was given to our employees as a preventive health measure.

Support Provided to Customers

- In the field of personal banking, to support the economy and households during the pandemic, customers with an overdraft account were given the ability to defer interest charges until September 2021.
- In the field of agricultural banking, a special POS provision was created to support the beekeepers affected by forest fires by allowing the beekeepers in Muğla and Aydın to purchase materials with zero interest applied. For farmers affected by the drought, debt deferral arrangements were provided.
- As part of a loan agreement signed by and between İşbank and the European Bank for Reconstruction and Development (EBRD), the Bank was granted resources worth USD 54 million to lend to its customers in order to help alleviate some of the economic hardships caused by the COVID-19 pandemic. Each firm that met the loan package criteria could benefit from the COVID-19 Solidarity Loan to borrow a maximum of USD 100,000 or equivalent amount in Euro or TL.
- Deferral/restructuring requests for commercial loan payments were evaluated with due care in order to limit the negative effects of the pandemic on customers, and such requests were accepted to the maximum extent possible to achieve customer satisfaction.



Türkiye İş Bankası Anonim Şirketi

Unconsolidated Financial Statements

As at and For the Year Ended

December 31, 2021

With Independent Auditor's Report Thereon

This report includes "Independent Auditor's Report" comprising 6 pages and; 'Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 119 pages.

Convenience Translation of the Independent Auditors' Report Originally Issued in Turkish (See Note I in Section Three)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Türkiye İş Bankası Anonim Şirketi:

Audit of Unconsolidated Financial Statements

Qualified Opinion

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

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye İş Bankası A.Ş. as at December 31, 2021 and financial performance and unconsolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of "Turkish Financial Reporting Standards" (TFRS) for the matters which are not regulated by these regulations.

Basis for Qualified Opinion

As explained in Section Five Part II-i.4.5 and IV.f, the accompanying unconsolidated financial statements as at December 31, 2021 include a free provision at an amount of TL 4,075,000 thousands of which TL 2,875,000 thousands was provided in prior years and TL 1,200,000 thousands provided in the current period by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.



INDEPENDENT AUDITOR’S REPORT

Key Audit Matter	How the Key Audit Matter is addressed in our audit
TFRS 9 “Financial Instruments” Standard and recognition of impairment on financial assets and related significant disclosures	
<p>As presented in Section III disclosure VIII, the Bank recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none">▪ Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements.▪ There are complex and comprehensive requirements of TFRS 9.▪ The classification of the financial assets is based on the Bank’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments.▪ The Bank’s determines fair value of its financial assets, reflected at fair value in accordance with the relevant business model category, according to Level 3 if there are financial inputs that are not observable in the fair value measurement and that contain significant estimates and assumptions.▪ Policies implemented by the Bank management include compliance risk to the regulations and other practices.▪ Processes of TFRS 9 are advanced and complex.▪ Judgements and estimates used in expected credit loss, complex and comprehensive.▪ Disclosure requirements of TFRS 9 are comprehensive and complex.	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none">▪ Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank’s past experience, local and global practices.▪ Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists.▪ Evaluating the reasonableness and appropriateness of the key judgments and estimates determined by the management and the methods, judgments, and data sources used in calculating expected losses, taking into account the standard requirements, including the actions taken against the COVID- 19 impacts, and the industry and global practices.▪ Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank’s Business model.▪ Reviewing the Bank’s classification and measurement models of the financial instruments (financial instruments determined as Level 3 according to fair value hierarchy) and comparing with TFRS 9 requirements▪ Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Bank’s past performance, regulations, and other processes that has forward looking estimations.▪ Evaluating the impact of the COVID-19 outbreak on macroeconomic variables used in credit staging and expected credit loss calculations, together with important forward-looking estimates and assumptions.▪ Assessing the completeness and the accuracy of the data used for expected credit loss calculation.▪ Testing the mathematical accuracy of expected credit loss calculation on sample basis.▪ Evaluating the judgments and estimates used for the individually assessed financial assets.▪ Evaluating the accuracy and the necessity of post-model adjustments.▪ Auditing of TFRS 9 disclosures.

INDEPENDENT AUDITOR’S REPORT

Pension Fund Obligations	
<p>Employees of the Bank are members of “Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı”, (“the Fund”), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the “Section Three Note XVII” to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the “Council of Ministers” on the determination of the mentioned transfer date is changed as “President” in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018. According to the technical balance sheet report as at 31 December 2021 prepared considering the related articles of the Law regarding the transferrable benefit obligations for the non- transferrable social benefits and payments which are included in the articles of association, the Fund has an actuarial and technical deficit which is fully provisioned for.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Bank Management uses Fund actuaries to assist in assessing these assumptions.</p> <p>Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law ,we considered this to be a key audit matter.</p>	<p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plans during the period, that could lead to adjust the valuation of employee benefits.</p> <p>Support from actuarial auditor of our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary. We further focused on the accuracy and adequacy of the Bank’s provision provided for the deficit and also disclosures on key assumptions related to pension fund deficit.</p>

Derivative Financial Instruments	
<p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in “Section Five Note I.c.” and “Section Five Note II.b”.</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the bank management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of another entity who are in the same audit network within our firm and the assessment of used estimations and the judgements and testing the assement of operating effectiveness of the key controls in the process of fair value determination.</p>



INDEPENDENT AUDITOR’S REPORT

Responsibilities of Management and Directors for the Unconsolidated Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

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

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities and financial statements for the period January 1 – December 31, 2021 are not in compliance with the TCC and provisions of the Bank’s articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor’s report is Fatma Ebru Yücel.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Fatma Ebru Yücel, SMMM
Sorumlu Denetçi

8 Şubat 2022
İstanbul, Türkiye

Türkiye İş Bankası A.Ş. The Unconsolidated Financial Report As At And For The Year Ended December 31, 2021

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The unconsolidated financial report as at and for the year ended prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, comprises the following sections:

GENERAL INFORMATION ABOUT THE BANK

UNCONSOLIDATED FINANCIAL STATEMENTS

EXPLANATIONS ON THE ACCOUNTING POLICIES

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

DISCLOSURES AND FOOTNOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

OTHER EXPLANATIONS

INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements for the year ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, “Banking Regulation and Supervision Agency” (BRSA) regulations, “Turkish Accounting Standards”, “Turkish Financial Reporting Standards” and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial report is presented in thousands of Turkish Lira (TL) and has been subjected to independent audit and presented as the attached.

Ersin Önder Çiftçioglu
Member of the Board and
the Audit Committee

Ali Tolga Ünal
Head of Financial
Management Division

Yusuf Ziya Toprak
Deputy Chairperson of the Board
of Directors and Chairperson of
the Audit Committee

Gamze Yalçın
Deputy Chief Executive
In Charge of Financial Reporting

Adnan Bali
Chairperson of the Board of Directors

Hakan Aran
Chief Executive Officer

The authorized contact person for questions on this financial report:

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Türkiye İş Bankası A.Ş. Notes To The Unconsolidated Financial Statements For The Year Ended December 31, 2021

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

I. Explanations on the Establishment Date and Initial Status of the Bank, History Including the Changes in the Former Status

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank") was established on August 26, 1924 to operate in all kinds of banking activities and to initiate and/or participate in all kinds of financial and industrial sector undertakings when necessary. There is no change in the Bank's status since its establishment.

II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Bank, any Changes in the Period, and Information on the Bank's Risk Group

As of December 31, 2021, 37.26% of the Bank's shares are owned by T. İş Bankası A.Ş. Supplementary Pension Fund (Fund), 28.09% are owned by the Republican People's Party- CHP (Atatürk's shares) and 34.65% are on free float (December 31, 2020: Fund 37.08%, CHP 28.09%, Free float 34.83%).

III. Explanations on the Chairperson's, Directors', Auditors', Chief Executive Officer's and Deputy Chief Executives' Shares, if any, and the Areas of their Responsibility at the Bank

Chairperson and Members of the Board of Directors:

Name and Surname	Areas of Responsibility
Adnan Bali	Chairperson of the Board of Directors, Remuneration Committee, Chairperson of the Risk Committee, Sustainability Committee and Chairperson of the Board of Directors Operating Principles Committee and the Member of the Credit Committee
Yusuf Ziya Toprak	Deputy Chairperson of the Board of Directors, Chairperson of the Audit Committee, TRNC Internal Systems Committee and Operational Risk Committee, Member of the Risk Committee and Substitute Member of the Credit Committee
Hakan Aran	Chief Executive Officer and Board Member, Chairperson of the Credit Committee, Human Resources Committee and Information Systems Strategy Committee, Natural Member of the Risk Committee, Chairperson of the Executive Committee
Feray Demir	Director, Member of the Credit Committee, Corporate Governance Committee, Remuneration Committee, Corporate Social Responsibility Committee, Sustainability Committee, and the Member of the Board of Directors Operating Principles Committee
Ersin Önder Çiftçioğlu	Director, Chairperson of the Sustainability Committee, Member of the Audit Committee and TRNC Internal Systems Committee
Fazlı Bulut	Director, Member of Corporate Social Responsibility Committee and Substitute Member of the Credit Committee
Durmuş Öztekin	Director, Member of Corporate Social Responsibility Committee, and the Member of the Board of Directors Operating Principles Committee
Recep Hakan Özyıldız	Director
Mustafa Rıdvan Selçuk	Director
Ahmet Gökhan Sungur	Director
Sadrettin Yurtsever	Director, Member of Corporate Governance Committee and Corporate Social Responsibility Committee

Chief Executive Officer and Deputy Chief Executives:

Name and Surname	Areas of Responsibility
Hakan Aran	Chief Executive Officer and Member of the Board of Directors, Credit Committee, Chairperson of Human Resources Committee and Information Technologies Strategic Committee Natural Member of Risk Committee, Member of Operational Risk Committee and Chairperson of the Executive Committee
Yalçın Sezen	Retail Banking Marketing, Sales and Products, Retail Loans, Digital Banking, Member of the Corporate Social Responsibility Committee and Sustainability Committee
Murat Bilgiç	Corporate Loans, Commercial Loans and Retail Loans Allocation, Project Finance, Member of the Risk Committee and Sustainability Committee
Nevzat Burak Seyrek	Corporate and Commercial Banking Marketing, Commercial Banking Sales, Transboundary Banking, Free Zone Branches, Member of the Sustainability Committee
Şahismail Şimşek	SME and Enterprise Banking Product and Sales, Agricultural Banking Marketing, Commercial Banking Product, Member of Sustainability Committee
Ebru Özsuca	Treasury, Economic Research, Capital Markets, Member of the Risk Committee
Gamze Yalçın	Financial Management, Financial Institutions, Investor Relations and Sustainability, Managerial Reporting and Internal Accounting, Information Technologies Strategic Committee, Member of Risk Committee and Sustainability Committee
H. Cahit Çınar	Legal Consultancy, Associates, Member of the Operational Risk Committee
Ozan Gürsoy	Human Resources Management, Strategic and Corporate Performance Management, Member of Operational Risk Committee and Sustainability Committee
Sezgin Yılmaz	Banking Base Operations, Agile Management , Support Services, External Operations and Commercial Loan Operations, Construction and Real Estate Management, Corporate Architecture, Member of Operational Risk Committee, Sustainability Committee and Information Technologies Strategic Committee
Sabri Gökmenler	Information Technologies, Data Management, Acquisition, Member of Operational Risk Committee and Information Technologies Strategic Committee
Sezgin Lüle	Customer Relations Coordination Responsible, Digital Banking, Customer Relations, Card Payment Ecosystems,Card Payment Operations, Card Payment Products and Member of Operational Risk Committee
Can Yücel	Legal Affairs and Legal Proceedings, Commercial and Corporate Loans and Retail Loans Proceedings, Loans Monitoring, Credits Portfolio Management, and the Member of the Corporate Social Responsibility Committee
Sezai Sevgin	Information Security, Internal Control, Corporate Compliance, Natural Member of the Risk Committee, Information Technologies Strategic Committee, Member of the Operational Risk Committee and Sustainability Committee

Mr. Serkan Uğraş Kaygalak retired from his position at the Bank At the meeting of the Bank's Board of Directors dated 28.12.2021, it was decided that Mr. Sezai Sevgin would be appointed as Deputy Chief Executive of the Bank following the necessary notifications and permissions to the Banking Regulation and Supervision Agency. Mr. H. Cahit Çınar participates in the sessions organized on a consolidated basis within the scope of his Membership in the Risk Committee.

Türkiye İş Bankası A.Ş. Notes To The Unconsolidated Financial Statements For The Year Ended December 31, 2021

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

The Parent Bank's shares attributable to the Directors and members of the Audit Committee, to the CEO and the Deputy Chief Executives are of minor importance.

IV. Information on the Bank's Qualified Shareholders

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund)	1,676,813	%37.26	1,676,813	
Cumhuriyet Halk Partisi – Republican People's Party - (Atatürk's Shares)	1,264,142	%28.09	1,264,142	

V. Summary Information on the Bank's Functions and Business Lines

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

VI. Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholders' Equity between the Bank and its Subsidiaries or the Reimbursement of Liabilities

None.

VII. Written Policies on Assessment of Ensuring Compliance on Market Discipline, Disclosure Obligations, Frequency and Accuracy of the Related Disclosures

The Bank has written policies on assessment of ensuring compliance on market discipline, disclosure obligations, frequency and accuracy of related disclosures. The mentioned policies which are agreed by Board of Directors' can be obtained from the Bank's website.



Türkiye İş Bankası A.Ş.
Unconsolidated Balance Sheet (Statement of Financial Position)

ASSETS		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	FINANCILA ASSETS (Net)		77,063,730	248,977,452	326,041,182	50,998,250	110,703,730	161,701,980
1.1	Cash and Cash Equivalents		17,445,369	188,544,363	205,989,732	5,987,913	80,941,630	86,929,543
1.1.1	Cash and Balances with Central Bank	V-I-a	17,280,450	164,642,771	181,923,221	5,563,679	65,342,682	70,906,361
1.1.2	Banks	V-I-ç	168,221	23,961,080	24,129,301	427,313	15,622,248	16,049,561
1.1.3	Money Market Placements		0	0	0	0	0	0
1.1.4	Expected Credit Loss (-)		3,302	59,488	62,790	3,079	23,300	26,379
1.2	Financial Assets at Fair Value Through Profit or Loss	V-I-b	2,220,989	8,351,219	10,572,208	1,466,421	2,714,953	4,181,374
1.2.1	Government Debt Securities		477,614	6,006,316	6,483,930	167,674	566,315	733,989
1.2.2	Equity Securities		207,094	458,187	665,281	147,257	261,922	409,179
1.2.3	Other Financial Assets		1,536,281	1,886,716	3,422,997	1,151,490	1,886,716	3,038,206
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	V-I-d	56,816,982	30,738,094	87,555,076	43,348,436	22,182,510	65,530,946
1.3.1	Government Debt Securities		56,387,087	28,618,627	85,005,714	42,920,765	20,327,275	63,248,040
1.3.2	Equity Securities		80,176	472,152	552,328	76,843	269,119	345,962
1.3.3	Other Financial Assets		349,719	1,647,315	1,997,034	350,828	1,586,116	1,936,944
1.4	Derivative Financial Assets	V-I-c-i	580,390	21,343,776	21,924,166	195,480	4,864,637	5,060,117
1.4.1	Derivative Financial Assets at Fair Value Thorough Profit or Loss		580,390	21,343,776	21,924,166	195,480	4,864,637	5,060,117
1.4.2	Derivative Financial Assets at Fair Value Thorough Other Comprehensive Income		0	0	0	0	0	0
II.	Financial Assets Measured at Amortised Cost (Net)		310,048,682	222,249,550	532,298,232	249,597,920	134,219,237	383,817,157
2.1	Loans	V-I-e	287,305,913	226,902,837	514,208,750	231,136,428	134,385,174	365,521,602
2.2	Lease Receivables	V-I-i	0	0	0	0	0	0
2.3	Factoring Receivables		0	0	0	0	0	0
2.4	Other Financial Assets Measured at Amortised Cost (Net)	V-I-f	41,733,414	4,679,320	46,412,734	35,451,053	6,208,384	41,659,437
2.4.1	Government Debt Securities		41,550,971	2,111,385	43,662,356	35,395,702	5,029,387	40,425,089
2.4.2	Other Financial Assets		182,443	2,567,935	2,750,378	55,351	1,178,997	1,234,348
2.5	Expected Credit Loss (-)		18,990,645	9,332,607	28,323,252	16,989,561	6,374,321	23,363,882
III.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	V-I-n	818,101	9,532	827,633	1,214,294	5,800	1,220,094
3.1	Held For Sale		818,101	9,532	827,633	1,214,294	5,800	1,220,094
3.2	Discontinued Operations		0	0	0	0	0	0
IV.	EQUITY INVESTMENTS		34,921,907	4,539,438	39,461,345	23,387,451	2,614,932	26,002,383
4.1	Investments in Associates (Net)	V-I-g	311,081	0	311,081	266,305	0	266,305
4.1.1	Associates Accounted by using Equity Method		0	0	0	0	0	0
4.1.2	Unconsolidated Associates		311,081	0	311,081	266,305	0	266,305
4.2	Subsidiaries (Net)	V-I-ğ	34,610,826	4,539,438	39,150,264	23,121,146	2,614,932	25,736,078
4.2.1	Unconsolidated Financial Subsidiaries		13,073,619	4,539,438	17,613,057	10,389,989	2,614,932	13,004,921
4.2.2	Unconsolidated Non-Financial Subsidiaries		21,537,207	0	21,537,207	12,731,157	0	12,731,157
4.3	Joint Ventures (Net)	V-I-h	0	0	0	0	0	0
4.3.1	Joint Ventures Accounted by using Equity Method		0	0	0	0	0	0
4.3.2	Unconsolidated Joint Ventures		0	0	0	0	0	0
V.	TANGIBLE ASSETS (Net)	V-I-j	8,659,882	39,978	8,699,860	6,576,739	33,540	6,610,279
VI.	INTANGIBLE ASSETS (Net)	V-I-k	1,747,103	3,006	1,750,109	1,329,996	845	1,330,841
6.1	Goodwill		0	0	0	0	0	0
6.2	Other		1,747,103	3,006	1,750,109	1,329,996	845	1,330,841
VII.	INVESTMENT PROPERTY (Net)	V-I-l	0	0	0	0	0	0
VIII.	CURRENT TAX ASSET		0	0	0	0	0	0
IX.	DEFERRED TAX ASSET	V-I-m	87,529	2,470,081	2,557,610	2,093,900	1,326,594	3,420,494
X.	OTHER ASSETS (Net)	V-I-o	7,774,473	7,158,580	14,933,053	5,046,647	4,752,557	9,799,204
	TOTAL ASSETS		441,121,407	485,447,617	926,569,024	340,245,197	253,657,235	593,902,432

Türkiye İş Bankası A.Ş.
Unconsolidated Balance Sheet (Statement of Financial Position)

LIABILITIES		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-a	167.618.387	428.009.989	595.628.376	134.513.823	234.362.668	368.876.491
II.	FUNDS BORROWED	V-II-c	2.505.052	63.146.374	65.651.426	2.113.127	38.318.218	40.431.345
III.	MONEY MARKETS		39.121.801	9.113.694	48.235.495	17.958.135	5.038.402	22.996.537
IV.	SECURITIES ISSUED (Net)	V-II-ç	5.194.456	25.441.356	30.635.812	5.436.832	25.403.816	30.840.648
4.1	Bills		3.133.754	0	3.133.754	3.960.641	0	3.960.641
4.2	Asset Backed Securities		0	0	0	0	0	0
4.3	Bonds		2.060.702	25.441.356	27.502.058	1.476.191	25.403.816	26.880.007
V.	FUNDS		0	0	0	0	0	0
5.1	Borrower Funds		0	0	0	0	0	0
5.2	Other		0	0	0	0	0	0
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		0	0	0	0	0	0
VII.	DERIVATIVE FINANCIAL LIABILITIES	V-II-b-g	6.163.475	6.423.058	12.586.533	1.336.155	6.598.330	7.934.485
7.1	Derivative Financial Liabilities at Fair Value Thorough Profit or Loss		6.163.475	6.423.058	12.586.533	1.336.155	6.598.330	7.934.485
7.2	Derivative Financial Liabilities at Fair Value Thorough Other Comprehensive Income		0	0	0	0	0	0
VIII.	FACTORING PAYABLES		0	0	0	0	0	0
IX.	LEASE PAYABLES	V-II-f	1.614.884	85.555	1.700.439	1.330.308	58.909	1.389.217
X.	PROVISIONS	V-II-ğ	14.400.399	1.086.919	15.487.318	9.644.891	579.699	10.224.590
10.1	Restructuring Provisions		0	0	0	0	0	0
10.2	Reserve for Employee Benefits		2.392.832	0	2.392.832	1.481.897	0	1.481.897
10.3	Insurance Technical Provisions (Net)		0	0	0	0	0	0
10.4	Other Provisions		12.007.567	1.086.919	13.094.486	8.162.994	579.699	8.742.693
XI.	CURRENT TAX LIABILITIES	V-II-h	1.816.875	14.344	1.831.219	2.415.583	4.524	2.420.107
XII.	DEFERRED TAX LIABILITIES	V-II-h	0	0	0	0	0	0
XIII.	LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	V-II-ı	0	0	0	0	0	0
13.1	Held For Sale		0	0	0	0	0	0
13.2	Discontinued Operations		0	0	0	0	0	0
XIV.	SUBORDINATED DEBT	V-II-i	2.296.445	35.174.552	37.470.997	2.286.510	19.852.049	22.138.559
14.1	Loans		0	0	0	0	0	0
14.2	Other Debt Instruments		2.296.445	35.174.552	37.470.997	2.286.510	19.852.049	22.138.559
XV.	OTHER LIABILITIES	V-II-e	24.978.068	5.524.050	30.502.118	15.321.692	3.547.309	18.869.001
XVI.	SHAREHOLDERS' EQUITY	V-II-j	89.923.933	-3.084.642	86.839.291	67.900.540	-119.088	67.781.452
16.1	Paid-in capital		4.500.000	0	4.500.000	4.500.000	0	4.500.000
16.2	Capital Reserves		1.113.235	204	1.113.439	1.125.985	204	1.126.189
16.2.1	Share Premium		108.944	204	109.148	90.520	204	90.724
16.2.2	Share Cancellation Profits		0	0	0	0	0	0
16.2.3	Other Capital Reserves		1.004.291	0	1.004.291	1.035.465	0	1.035.465
16.3	Accumulated Other Compherensive Income or Loss Not Reclassified Through Profit or Loss		7.840.024	-617	7.839.407	4.233.464	-617	4.232.847
16.4	Accumulated Other Compherensive Income or Loss Reclassified Through Profit or Loss		11.507.178	-3.084.229	8.422.949	4.880.015	-118.675	4.761.340
16.5	Profit Reserves		46.081.015	0	46.081.015	40.079.251	0	40.079.251
16.5.1	Legal Reserves		5.065.786	0	5.065.786	4.673.489	0	4.673.489
16.5.2	Status Reserves		0	0	0	0	0	0
16.5.3	Extraordinary Reserves		41.015.229	0	41.015.229	35.405.762	0	35.405.762
16.5.4	Other Profit Reserves		0	0	0	0	0	0
16.6	Profit or Loss		18.882.481	0	18.882.481	13.081.825	0	13.081.825
16.6.1	Prior Periods' Profit or Loss		5.414.586	0	5.414.586	6.270.908	0	6.270.908
16.6.2	Current Period Profit or Loss		13.467.895	0	13.467.895	6.810.917	0	6.810.917
16.7	Minority Shareholder							
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		355.633.775	570.935.249	926.569.024	260.257.596	333.644.836	593.902.432



Türkiye İş Bankası A.Ş.

Unconsolidated statement of off-balance sheet items

OFF BALANCE SHEET ITEMS		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	Total	TL	FC	Total
	A. OFF-BALANCE SHEET CONTINGENCIES and COMMTMENTS (I+II+III)	V-III	284.514.410	709.267.988	993.782.398	216.016.443	398.524.226	614.540.669
I.	GUARANTEES AND SURETYSHIPS		46.066.357	147.369.066	193.435.423	39.746.728	79.828.486	119.575.214
1.1	Letters of Guarantee		45.796.275	85.701.218	131.497.493	39.206.983	48.225.907	87.432.890
1.1.1	Guarantees Subject to State Tender Law		865.540	764.138	1.629.678	687.709	535.767	1.223.476
1.1.2	Guarantees Given for Foreign Trade Operations		4.204.824	46.666.437	50.871.261	4.416.349	24.422.710	28.839.059
1.1.3	Other Letters of Guarantee		40.725.911	38.270.643	78.996.554	34.102.925	23.267.430	57.370.355
1.2	Banks Acceptanees		111.350	14.670.501	14.781.851	84.800	9.374.903	9.459.703
1.2.1	Import Letter of Acceptance		0	498.510	498.510	0	216.670	216.670
1.2.2	Other Bank Acceptances		111.350	14.171.991	14.283.341	84.800	9.158.233	9.243.033
1.3	Letters of Credit		158.732	42.736.471	42.895.203	454.945	19.082.336	19.537.281
1.3.1	Documentary Letters of Credit		105.367	29.051.381	29.156.748	435.024	13.372.331	13.807.355
1.3.2	Other Letters of Credit		53.365	13.685.090	13.738.455	19.921	5.710.005	5.729.926
1.4	Prefinancing Given as Guarantee		0	0	0	0	0	0
1.5	Endorsements		0	0	0	0	0	0
1.5.1	Endorsements to the Central Bank of Tureky		0	0	0	0	0	0
1.5.2	Other Endorsements		0	0	0	0	0	0
1.6	Purchase Guarantees for Securities Issued		0	0	0	0	0	0
1.7	Factoring Guarantees		0	0	0	0	0	0
1.8	Other Guarantees		0	4.260.876	4.260.876	0	3.145.340	3.145.340
1.9	Other Suretyships		0	0	0	0	0	0
II.	COMMITMENTS		97.612.185	45.290.289	142.902.474	70.648.692	20.505.458	91.154.150
2.1	Irrevocable Commitments		96.073.979	35.197.535	131.271.514	69.830.795	14.234.226	84.065.021
2.1.1	Forward Asset Purchase Commitments		9.291.941	17.794.260	27.086.201	2.240.523	4.198.612	6.439.135
2.1.2	Forward Asset Purchase Commitments		0	0	0	0	0	0
2.1.3	Capital Commitments to Associates and Subsidiaries		0	0	0	0	0	0
2.1.4	Loan Granting Commitments		34.174.955	1.702.741	35.877.696	24.688.380	1.009.054	25.697.434
2.1.5	Securities Underwriting Commitments		0	0	0	0	0	0
2.1.6	Commitments for Reserve Deposit Requirements		0	0	0	0	0	0
2.1.7	Commitments for Cheque Payments		3.291.900	0	3.291.900	2.641.068	0	2.641.068
2.1.8	Tax and Fund Liabilities from Export Commitments		41.377	0	41.377	26.068	0	26.068
2.1.9	Commitments for Credit Card Expenditure Limits		46.524.830	0	46.524.830	37.915.127	0	37.915.127
2.1.10	Commitments for Credit Card and Banking Services Promotions		208.406	0	208.406	179.370	0	179.370
2.1.11	Receivables from Short Sale Commitments		0	0	0	0	0	0
2.1.12	Payables from Short Sale Commitments		0	0	0	0	0	0
2.1.13	Other Irrevocable Commitments		2.540.570	15.700.534	18.241.104	2.140.259	9.026.560	11.166.819
2.2	Revocable Commitments		1.538.206	10.092.754	11.630.960	817.897	6.271.232	7.089.129
2.2.1	Revocable Loan Granting Commitments		1.488.206	10.092.754	11.580.960	752.897	6.271.232	7.024.129
2.2.2	Other Revocable Commitments		50.000	0	50.000	65.000	0	65.000
III.	DERIVATIVE FINANCIAL INSTRUMENTS		140.835.868	516.608.633	657.444.501	105.621.023	298.190.282	403.811.305
3.1	Derivative Financial Instruments Held for Risk Management		0	0	0	0	0	0
3.1.1	Fair Value Hedges		0	0	0	0	0	0
3.1.2	Cash Flow Hedges		0	0	0	0	0	0
3.1.3	Net Foreign Investment Hedges		0	0	0	0	0	0

Türkiye İş Bankası A.Ş.

Unconsolidated statement of off-balance sheet items

OFF BALANCE SHEET ITEMS		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	Total	TL	FC	Total
3.2	Derivative Financial Instruments Held for Trading		140.835.868	516.608.633	657.444.501	105.621.023	298.190.282	403.811.305
3.2.1	Forward Foreign Currency Buy/Sell Transactions		13.885.441	46.330.649	60.216.090	6.312.076	28.172.122	34.484.198
3.2.1.1	Forward Foreign Currency Buy Transactions		9.851.253	20.305.444	30.156.697	4.782.648	12.591.821	17.374.469
3.2.1.2	Forward Foreign Currency Sell Transactions		4.034.188	26.025.205	30.059.393	1.529.428	15.580.301	17.109.729
3.2.2	Currency and Interest Rate Swaps		117.694.703	424.446.452	542.141.155	95.665.431	237.078.233	332.743.664
3.2.2.1	Currency Swap Buy Transactions		6.016.040	158.921.467	164.937.507	4.334.346	87.338.121	91.672.467
3.2.2.2	Currency Swap Sell Transactions		111.278.663	66.277.089	177.555.752	89.556.285	22.896.516	112.452.801
3.2.2.3	Interest Rate Swap Buy Transactions		200.000	99.623.948	99.823.948	887.400	63.421.798	64.309.198
3.2.2.4	Interest Rate Swap Sell Transactions		200.000	99.623.948	99.823.948	887.400	63.421.798	64.309.198
3.2.3	Currency, Interest Rate and Seurity Options		8.573.317	21.264.309	29.837.626	1.523.960	14.050.208	15.574.168
3.2.3.1	Currency Call Options		4.553.586	6.303.322	10.856.908	951.985	2.936.454	3.888.439
3.2.3.2	Currency Put Options		4.019.731	6.549.875	10.569.606	571.975	3.273.722	3.845.697
3.2.3.3	Interest Rate Call Options		0	4.205.556	4.205.556	0	3.920.016	3.920.016
3.2.3.4	Interest Rate Put Options		0	4.205.556	4.205.556	0	3.920.016	3.920.016
3.2.3.5	Securities Call Options		0	0	0	0	0	0
3.2.3.6	Securities Put Options		0	0	0	0	0	0
3.2.4	Currency Futures		682.407	687.983	1.370.390	2.119.556	1.949.448	4.069.004
3.2.4.1	Currency Buy Futures		0	687.983	687.983	1.521	1.948.141	1.949.662
3.2.4.2	Currency Sell Futures		682.407	0	682.407	2.118.035	1.307	2.119.342
3.2.5	Interest Rate Futures		0	0	0	0	0	0
3.2.5.1	Interest Rate Buy Futures		0	0	0	0	0	0
3.2.5.2	Interest Rate Sell Futures		0	0	0	0	0	0
3.2.6	Other		0	23.879.240	23.879.240	0	16.940.271	16.940.271
	B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		796.887.897	993.775.709	1.790.663.606	616.280.990	563.097.495	1.179.378.485
IV.	ITEMS HELD IN CUSTODY		60.617.295	121.635.447	182.252.742	43.881.000	70.901.615	114.782.615
4.1	Customers' Securities Held		0	0	0	0	0	0
4.2	Investment Securities Held in Custody		33.813.447	4.930.182	38.743.629	25.350.314	4.451.310	29.801.624
4.3	Cheques Received for Collection		23.306.991	68.668.580	91.975.571	15.218.680	37.822.146	53.040.826
4.4	Commercial Notes Received For Collection		2.980.895	26.788.763	29.769.658	2.858.449	17.207.412	20.065.861
4.5	Other Assets Received For Collection		0	0	0	0	0	0
4.6	Assets Received for Public Offering		0	0	0	0	0	0
4.7	Other Items Under Custody		515.962	21.247.922	21.763.884	453.557	11.420.747	11.874.304
4.8	Custodiands		0	0	0	0	0	0
V.	PLEDGED ITEM		736.270.602	872.140.262	1.608.410.864	572.399.990	492.195.880	1.064.595.870
5.1	Marketable Securities		53.604.619	352.719	53.957.338	45.877.542	156.869	46.034.411
5.2	Guarantee Notes		2.516.138	33.012.695	35.528.833	2.669.349	19.101.121	21.770.470
5.3	Commodity		144.690.167	75.209.001	219.899.168	109.623.146	31.574.919	141.198.065
5.4	Warranty		0	0	0	0	0	0
5.5	Real Estates		398.843.430	580.623.489	979.466.919	344.351.988	340.246.167	684.598.155
5.6	Other Pledged Items		136.616.248	182.942.358	319.558.606	69.877.965	101.116.804	170.994.769
5.7	Pledged Items-Depository		0	0	0	0	0	0
VI.	ACCEPTED BILL, GUARANTEES AND SURETIES		0	0	0	0	0	0
	TOTAL OFF-BALANCE SHEE COMMITMENTS (A+B)		1.081.402.307	1.703.043.697	2.784.446.004	832.297.433	961.621.721	1.793.919.154



Türkiye İş Bankası A.Ş.
Unconsolidated Income Statement

INCOME STATEMENT		Footnotes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2021)	PRIOR PERIOD (01/01-31/12/2020)
I.	INTEREST INCOME	V-IV-a	60,904,343	42,516,332
1.1	Interest Income on Loans		44,448,255	31,987,586
1.2	Interest Income on Reserve Deposits		849,109	84,888
1.3	Interest Income on Banks		133,704	134,033
1.4	Interest Income on Money Market Placements		890	666
1.5	Interest Income on Marketable Market Placements		15,434,222	10,276,024
1.5.1	Financial Assets at Fair Value Through Profit or Loss		128,118	27,489
1.5.2	Financial Assets at Fair Value Through Other Compherensive Income		9,421,203	6,161,252
1.5.3	Financial Assets at Measured at Amortised Cost		5,884,901	4,087,283
1.6	Financial Lease Income		0	0
1.7	Other Interest Income		38,163	33,135
II.	INTEREST EXPENSE (-)	V-IV-b	29,963,074	17,274,293
2.1	Interest on Deposits		18,085,126	9,521,065
2.2	Interest on Funds Borrowed		1,530,274	1,448,001
2.3	Interest on Money Market Funds		5,081,676	1,496,380
2.4	Interest on Securities Issued		4,761,496	3,972,083
2.5	Financial Lease Expense		255,389	235,210
2.6	Other Interest Expenses		249,113	601,554
III.	NET INTEREST INCOME (I - II)		30,941,269	25,242,039
IV.	NET FEES AND COMMISSIONS INCOME		7,619,945	5,617,613
4.1	Fees and Commissions Received		9,742,778	6,790,418
4.1.1	Non-cash Loans		1,291,970	1,111,518
4.1.2	Other		8,450,808	5,678,900
4.2	Fees and Commissions Paid (-)		2,122,833	1,172,805
4.2.1	Non-cash Loans		1,521	1,518
4.2.2	Other		2,121,312	1,171,287
V.	DIVIDEND INCOME	V-IV-c	20,735	21,487
VI.	TRADIG INCOME/(LOSS) (Net)	V-IV-ç	-5,149,127	-3,341,357
6.1	Gains/(Losses) on Securities Trading		357,107	335,938
6.2	Derivative Financial Transactions Gains/Losses		-1,046,262	-10,390,437
6.3	Foreign Exchange Gains/(Losses)		-4,459,972	6,713,142
VII.	OTHER OPERATING INCOME	V-IV-d	4,401,570	2,436,205
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		37,834,392	29,975,987
IX.	EXPECTED CREDIT LOSS (-)	V-IV-e	10,837,246	10,213,836
X.	OTHER PROVISION EXPENSES (-)	V-IV-e	3,612,921	2,516,084
XI.	PERSONNEL EXPENSE (-)		6,366,681	5,191,989
XII.	OTHER OPERATING EXPENSES (-)	V-IV-f	9,545,008	6,604,997
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		7,472,536	5,449,081
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		0	0
XV.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		8,003,345	3,406,471
XVI.	NET MONETARY POSITION GAIN/LOSS		0	0
XVII.	PROFIT/LOSS ON CONTUNUING OPERATIONS BEFORE K/Z (XIII+...+XVI)	V-IV-g	15,475,881	8,855,552
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	V-IV-ğ	2,007,986	2,044,635
18.1	Current Tax Provision		1,103,778	3,823,786
18.2	Deferred Tax Income Effect (+)		2,855,911	434,581
18.3	Deferred Tax Expense Effect (-)		1,951,703	2,213,732
XIX.	NET PERIOD PROFIT/LOSS FROM CONTUNUING OPERATIONS (XVII±XVIII)	V-IV-h	13,467,895	6,810,917
XX.	INCOME ON DISCONTINUED OPERATIONS		0	0
20.1	Income on Assets Held for Sale		0	0
20.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
20.3	Other expense on Discontinued Operations		0	0
XXI.	EXPENSE ON DISCONTINUED OPERATIONS (-)		0	0
21.1	Expense on Assets Held For Sale		0	0
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
21.3	Other expense on Discontinued Operations		0	0
XXII.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XX-XXI)		0	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		0	0
23.1	Current Tax Provision		0	0
23.2	Deferred Tax Expense Effect (+)		0	0
23.3	Deferred Tax Income Effect (-)		0	0
XXIV.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		0	0
XXV.	NET PERIOD PROFIT/LOSS (XIX+XXIV)	V-IV-ı	13,467,895	6,810,917
	Earnings per Share (*)		0.119712228	0.060540274

(*) Expressed in exact TL.

Türkiye İş Bankası A.Ş.
Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSAND TL	
		CURRENT PERIOD (01/01-31/12/2021)	PRIOR PERIOD (01/01-31/12/2020)
I.	PROFIT/LOSS FOR THE PERIOD	13,467,895	6,810,917
II.	OTHER COMPREHENSIVE INCOME	7,268,169	1,647,924
2.1	Other comprehensive income that will not be reclassified to profit or loss	3,606,560	-137,457
2.1.1	Revaluation Surplus on Tangible Assets	1,606,325	-17,036
2.1.2	Revaluation Surplus on Intangible Assets	0	0
2.1.3	Gains/(Losses) on remeasurements of Defined Benefit Plans	-713,198	-72,288
2.1.4	Other Income/Expense Items of Other Comprehensive Income not to be Reclassified to Profit or Loss	2,731,426	-64,294
2.1.5	Taxes Relating to Components of Other Comprehensive Income not to be Reclassified to Profit or Loss	-17,993	16,161
2.2	Other Income/Expense Items not be reclassified to profit or loss	3,661,609	1,785,381
2.2.1	Exchange Differences on Translation	1,702,150	587,725
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	-532,979	930,213
2.2.3	Income/(Loss) Related with Cash Flow Hedges	0	0
2.2.4	Income/(Loss) Related with Hedges of Net Investments in Foreign Operations	0	0
2.2.5	Other Income/Expense Items of Other Comprehensive Income to be Reclassified to Other Profit or Loss	2,433,200	459,584
2.2.6	Taxes Relating to Components of Other Comprehensive Income to be Reclassified to Profit or Loss	59,238	-192,141
III.	TOTAL COMPREHENSIVE INCOME (I+II)	20,736,064	8,458,841



Türkiye İş Bankası A.Ş.
Unconsolidated Statement of Changes in Shareholders' Equity

Türkiye İş Bankası A.Ş.
Unconsolidated Statement of Changes in Shareholders' Equity

CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income that will not be reclassified in Profit/(Loss)				Accumulated Other Comprehensive Income that will be reclassified in Profit/(Loss)			Profit Reserves	Prior Period Profit / (Loss)	Net Current Period Profit / (Loss)	Total Shareholder's Equity
						Tangible assets accumulated revaluation reserve increase/ (Decrease)	Accumulated gains/(losses) on remeasurements of defined benefit plans	Other (*)		Exchange differences on translation reserve	Accumulated gains/(losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (*)				
	V-V															
PRIOR PERIOD (31/12/2020)																
I Beginning Balance		4,500,000	5,814		1,038,013	2,734,864	-226,266	1,861,706		930,843	395,484	1,649,632	34,007,790	11,975,585		58,873,465
II Adjustment in accordance with TAS 8																
2.1 The Effect on Adjustments																
2.2 The Effect of Changes in Accounting Policies																
III New Balance (I+II)		4,500,000	5,814		1,038,013	2,734,864	-226,266	1,861,706		930,843	395,484	1,649,632	34,007,790	11,975,585		58,873,465
IV Total Comprehensive Income						-15,332	-57,831	-64,294		587,725	738,072	459,584			6,810,917	8,458,841
V Capital Increase in Cash																
VI Capital Increase Through Internal Reserves																
VII Paid-in Capital Inflation adjustment difference																
VIII Convertible Bonds																
IX Subordinated Debt																
X Increase/(Decrease) Through Other Changes			84,910		-2,548									366,784		449,146
XI Profit Distribution													6,071,461	-6,071,461		
11.1 Dividend Paid																
11.2 Transfer to Reserves													6,071,461	-6,071,461		
11.3 Other																
Ending Balance (III+IV+.....+X+XI)		4,500,000	90,724		1,035,465	2,719,532	-284,097	1,797,412		1,518,568	1,133,556	2,109,216	40,079,251	6,270,908	6,810,917	67,781,452
CURRENT PERIOD (31/12/2021)																
I Beginning Balance		4,500,000	90,724		1,035,465	2,719,532	-284,097	1,797,412		1,518,568	1,133,556	2,109,216	40,079,251	13,081,825		67,781,452
II Adjustment in accordance with TAS 8																
2.1 The Effect on Adjustments																
2.2 The Effect of Changes in Accounting Policies																
III New Balance (I+II)		4,500,000	90,724		1,035,465	2,719,532	-284,097	1,797,412		1,518,568	1,133,556	2,109,216	40,079,251	13,081,825		67,781,452
IV Total Comprehensive Income						1,445,692	-570,558	2,731,426		1,702,150	-473,741	2,433,200			13,467,895	20,736,064
V Capital Increase in Cash																
VI Capital Increase Through Internal Reserves																
VII Paid-in Capital Inflation adjustment difference																
VIII Convertible Bonds																
IX Subordinated Debt																
X Increase/(Decrease) Through Other Changes			18,424		-31,174									-869,736		-882,486
XI Profit Distribution													6,001,764	-6,797,503		-795,739
11.1 Dividend Paid														-661,415		-661,415
11.2 Transfer to Reserves													6,001,764	-6,001,764		
11.3 Other														-134,324		-134,324
Ending Balance (III+IV+.....+X+XI)		4,500,000	109,148		1,004,291	4,165,224	-854,655	4,528,838		3,220,718	659,815	4,542,416	46,081,015	5,414,586	13,467,895	86,839,291

(1) Accumulated amounts of other comprehensive income of investments accounted by the equity method, which will not be reclassified to profit or loss, and other comprehensive income items that will not reclassified as other profit or loss.

(2) Gain/losses on cash flow hedges, share of other comprehensive income from equity method investments to be reclassified to profit/loss and accumulated amounts of other comprehensive income items to be reclassified as other profit or loss.

(*) Prior Periods' Profit or Loss includes classifications made within the scope of "TAS-27-Individual Financial Statements".

(**) According to the articles of Association of the Bank, it is the dividend amount distributed to the Bank personnel.



Türkiye İş Bankası A.Ş.
Unconsolidated Statement of Cash Flows

		Footnotes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2021)	PRIOR PERIOD (01/01-31/12/2020)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		14,064,345	28,104,080
1.1.1	Interest Received		54,774,522	38,484,202
1.1.2	Interest Paid		-28,575,621	-16,404,956
1.1.3	Dividend Received		837,502	543,139
1.1.4	Fees and Commissions Received		9,740,804	6,801,535
1.1.5	Other Income		999,236	787,561
1.1.6	Collections from Previously Written off Loans and Other Receivables		2,802,041	1,597,389
1.1.7	Cash Payments to Personnel and Service Suppliers		-10,730,457	-9,077,374
1.1.8	Taxes Paid		-2,688,207	-3,077,002
1.1.9	Other	V-VI	-13,095,475	8,449,586
1.2	Changes in Operating Assets and Liabilities		79,007,898	-2,891,050
1.2.1	Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		-3,878,212	-634,886
1.2.2	Net (Increase) / Decrease in Due From Banks		-16,411,725	-5,493,793
1.2.3	Net (Increase) / Decrease in Loans		-56,752,805	-43,633,155
1.2.4	Net (Increase) / Decrease in Other Assets		-2,370,308	-3,189,215
1.2.5	Net (Increase) / Decrease in Bank Deposits		-1,077,510	-1,055,791
1.2.6	Net (Increase) / Decrease in Other Deposits		127,280,892	35,499,546
1.2.7	Net (Increase) / Decrease in Financial Liabilities at Fair Value Through Profit or Loss		0	0
1.2.8	Net (Increase) / Decrease in Funds Borrowed		600,469	-8,474,053
1.2.9	Net (Increase) / Decrease in Matured Payables		0	0
1.2.10	Net (Increase) / Decrease in Other Liabilities	V-VI	31,617,097	24,090,297
I.	Net Cash Provided From Banking Operations		93,072,243	25,213,030
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities		-7,296.356	-17,791,592
2.1	Cash Paid for the Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-135,636	-635,402
2.2	Cash Obtained from sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
2.3	Cash Paid for the Purchase of Tangible Asset		-500,697	-530,639
2.4	Cash Obtained from sale of Tangible Asset		223,992	214,005
2.5	Cash Paid for the Purchase of Financial Assests at Fair Value Through Other Comprehensive Income		-24,036,024	-20,625,367
2.6	Cash Obtained from sale of Financial Assests at Fair Value Through Other Comprehensive Income		17,782,022	12,958,458
2.7	Cash Paid for Purchase of Financial Assests Measured at Amortised Cost		-15,700,230	-15,274,452
2.8	Cash Obtained from sale of Financial Assests Measured at Amortised Cost (*)		15,819,175	6,752,597
2.9	Other	V-VI	-748,958	-650,792
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		-15,071,710	-2,831,398
3.1	Cash Obtained from funds borrowed and securities issued		7,897,669	20,922,579
3.2	Cash used for repayment of funds borrowrd and securities issued		-21,609,192	-23,253,700
3.3	Equity Instrumens		0	0
3.4	Dividends Paid		-795,739	0
3.5	Payments for Finance Leases		-564,448	-500,277
3.6	Other	V-VI	0	0
IV.	Effect of Change in foreign exchange rare on cash and cash equivalents	V-VI	-1,171,636	-1,105,433
V.	Net increase in cash and cash equivalents		69,532,541	3,484,607
VI.	Cash and cash equivalents at beginning of the period		45,361,908	41,877,301
VII.	Cash and cash equivalents at end of the period		114,894,449	45,361,908

(*) Includes Redeemed Financial Assets measured at amortized cost.

Türkiye İş Bankası A.Ş.
Unconsolidated Statement of Profit Distribution Table

		THOUSAND TL	
		CURRENT PERIOD (31/12/2021)	PRIOR PERIOD (31/12/2020)
I.	DISTRIBUTION OF CURRENT YEAR PROFIT (*)		
1.1	CURRENT PERIOD PROFIT (*)	15,475,881	8,861,814
1.2	TAXES AND DUES PAYABLE (-)	2,007,986	2,044,635
1.2.1	Corporate Tax (Income Tax)	1,057,464	3,788,280
1.2.2	Income Tax Withholding	46,314	35,506
1.2.3	Other Taxes and Dues Payable (*)	904,208	-1,779,151
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	13,467,895	6,817,179
1.3	PRIOR YEARS LOSSES (-)	0	0
1.4	FIRST LEGAL RESERVES (-)	0	392,297
1.5	OTHER STATUTORY RESERVES (-)	0	152,066
B.	NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5)]	13,467,895	6,272,816
1.6	First Dividend to Shareholders (-)	0	270,000
1.6.1	To Owners of Ordinary Shares	0	269,998
1.6.2	To Owners of Preferred Shares	0	2
1.6.3	To Preferred Shares (Preemptive Rights)	0	0
1.6.4	To Profit Sharing Bonds	0	0
1.6.5	To Holders of Profit / Loss Share Certificates	0	0
1.7	DIVIDENDS TO PERSONNEL (-)	0	134,324
1.8	DIVIDENDS TO THE BOARD OF THE DIRECTORS (-)	0	0
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	0	411,092
1.9.1	To Owners of Ordinary Shares	0	411,085
1.9.2	To Owners of Privileged Shares	0	3
1.9.3	To Owners of Preferred Shares	0	4
1.9.4	To Profit Sharing Bonds	0	0
1.9.5	To Holders of Profit / Loss Share Certificates	0	0
1.10	STATUTORY RESERVES (-)	0	0
1.11	EXTRAORDINARY RESERVES	0	5,457,400
1.12	OTHER RESERVES	0	0
1.13	SPECIAL FUNDS	0	0
II.	DISTRIBUTION FROM RESERVES		
2.1	DISTRIBUTED RESERVES	0	0
2.2	DIVIDENDS TO SHAREHOLDERS (-)	0	0
2.2.1	To Owners of Ordinary Shares	0	0
2.2.2	To Owners of Privileged Shares	0	0
2.2.3	To Owners of Preferred Shares	0	0
2.2.4	To Profit Sharing Bonds	0	0
2.2.5	To Holders of Profit / Loss Share Certificates	0	0
2.3	DIVIDENDS TO PERSONNEL (-)	0	0
2.4	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES (*)	0.1197	0.0605
3.2	TO OWNERS OF ORDINARY SHARES (%)	299	151
3.3	TO OWNERS OF PREFERRED SHARES (*)	0	0
3.4	TO OWNERS OF PREFERRED SHARES (%)	0	0
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES (*)	0	0.0061
4.2	TO OWNERS OF ORDINARY SHARES (%)	0	15.14
4.3	TO OWNERS OF PREFERRED SHARES (*)	0	0.0018
4.4	TO OWNERS OF PREFERRED SHARES (%)	0	17.55

(*) The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been held as of the reporting dat.
(*) Prior Perods' Profit amounting to TL 6,262 which is included to the base of profit distribution, is disclosed in the prior period's net profit amount in the statement.
(*) Deferred Tax Expense/Income
(*) Expressed in Exact TL.



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Section Three: Explanations On Accounting Policies

I. Basis of Presentation:

The unconsolidated financial statements, related notes, and explanations in this report are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Financial Reporting Legislation”) and requirements of Turkish Financial Reporting Standards (TFRS) published the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

COVID-19 outbreak, which started in China and spread globally in the first half of 2020, caused serious effects on both economic and social life. In addition to the social life effects of the cautions taken to ensure the control of outbreak in many countries, there are also consequences observed which is negatively affecting economic activity both on regional and global scale. As in other countries where the pandemic is effective, various cautions also have been taken in our country in social and economic terms. The Bank sustains its activities for the period precisely by closely monitoring the processes related to outbreak, postponing retail and non-retail customers’ due debts, restructuring with grace period and existing or additional limit allocations in respect with customers’ needs. Assessments regarding to possible effects of the COVID-19 outbreak through the measurement of expected credit losses are explained in the Section Three “VIII. “Explanations on Impairment of Financial Assets”.

“Interest Rate Benchmark Reform- Stage 2”, brought changes in various TAS / TFRSs effective from January 1, 2021, was released in December 2020 within the scope of the project of transition of the benchmark interest rates carried out by the International Accounting Standards Board (IASB). It was concluded that as of December 31, 2021, the changes have not occurred significantly on the Bank’s financial statements.

According to the statement made by the POA on 20.01.2022, it was stated that the enterprises applying TFRS do not need to make any adjustments in the financial statements for 2021 in accordance with the TAS 29 Financial Reporting Standard for High-Inflation Economies. In this context, no inflation adjustment was made in accordance with TAS 29 when preparing the financial statements dated December 31, 2021.

Additional paragraph for convenience translation to English

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

The accounting policies applied in the current period are in line with the prior period financial statements. The accounting policies and valuation principles used in the preparation of financial statements are presented below in detail.

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

1. The Bank’s Strategy on Financial Instruments

The Bank’s main activities comprise private, retail, commercial and corporate banking, money market and securities market operations, as well as activities related to international banking services.

In conformity with the general liability structure of the banking system, the Bank’s liabilities are mainly composed of short-term deposits and other medium and long-term liabilities. The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Bank is one of the market makers banks) and by the use of liquidity facilities of the Central Bank of Republic of Turkey (“CBRT”). As a result, the liquidity of the Bank and the banking system can be easily monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed interest, and by closely monitoring the developments in the sector, both fixed and floating rate placements are made based on the yields of alternative investment instruments.

Safety principle has always been the top priority in placements and the placements are focused on high yielding and low risk assets by considering their maturity structure. Accordingly, a pricing policy aiming at high return is implemented in the long-term placements and attention is paid to the maximum use of non-interest income generation opportunities. The Bank determines its lending strategy by taking into consideration the international and national economic data and expectations, market conditions, current and potential credit customers’ expectations and tendencies, and risks such as; interest rate, liquidity, currency and credit risks. Furthermore, in conformity with this strategy, the Bank acts within the legal limits in terms of asset-liability management.

The primary objectives related to balance sheet components are set by the long-term plans shaped along with budgeting; and the Bank takes the required positions against the short-term currency, interest rates and price fluctuations in accordance with these plans and the course of the market conditions.

Foreign currency, interest rate and price fluctuations in the markets are monitored instantaneously. While taking positions, in addition to the legal limits, the Bank’s own transaction and control limits are also effectively monitored in order to avoid limit overrides.

The Bank’s asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

2. Foreign Currency Transactions

Foreign currency monetary assets and liabilities on the balance sheet are converted into Turkish Lira by using the prevailing exchange rates at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into Turkish Lira by the rates at the date of which the fair value is determined. Exchange rate differences arising from the conversions of monetary foreign currency items and the collections of and payments in foreign currency transactions are reflected to the income statement.

The Bank started to apply equity method for the foreign associates and subsidiaries which were followed with historical rates in accordance with the TAS 27 “Separate Financial Statements” In this context, foreign subsidiaries are accounted at current rates in the financial statement and the resulting exchange differences are accounted under equity.

The financial statements of the foreign branches of the Bank are prepared in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of foreign branches are expressed in TL which is the functional currency of the Bank and the presentation currency of the financial statements. Assets and liabilities of the foreign branches of the Bank are converted into TL by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by at exchange rates at the dates of the transactions. The exchange rate differences arising from the conversion are recorded in the shareholders’ equity.

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III. Associates and Subsidiaries

The Bank accounts, its associates, and subsidiaries in accordance with equity method which described in TAS 28.

Under the equity method, Bank’s share of net assets of the associates and subsidiaries is recognized in the Bank’s financial statements. The profit or loss of the Bank includes the Bank’s share of the profit or loss of the associates and subsidiaries and Bank’s other comprehensive income or expenses include the Bank’s share of other comprehensive income or expenses of the associates and subsidiaries. Mergers / acquisitions and change in share ratios of related associates and subsidiaries during the period are shown under the item “Increase / Decrease through Other Changes” in the statement of changes in shareholders’ equity.

IV. Forward, Option Contracts and Derivatives Instruments

Derivative transactions of the Bank consist of foreign currency and interest rate swaps, forwards, foreign currency options and interest rate options. The Bank has no derivative instruments decomposed from the main contract.

The Bank classifies derivative transactions, which act as a hedge but does not meet qualification criteria for hedge accounting, as “Derivative Financial Assets at Fair Value through Profit or Loss” in accordance with the “TFRS 9 Financial Instruments” requirements.

Derivative transactions are recorded at their fair value at the date of contract, receivables and payables arising from these transactions are recorded in off-balance sheet accounts. Derivative transactions are measured at fair value at subsequent reporting dates and if the valuation difference is positive, they are classified as “Derivative Financial Assets at Fair Value through Profit or Loss”; if it is negative they are classified as “Derivative Financial Liabilities at Fair Value through Profit or Loss”. The differences arising from the valuation of derivative transactions are associated with the income statement.

On off-balance sheet items table, options which generated assets for the Bank are presented under “call options” line and which generated liabilities are presented under “put options” line.

V. Interest Income and Expenses

Interest income is calculated by using the effective interest rate method (the rate that equal the future cash flows of a financial asset or liability to its present net book value) to gross carrying amount of financial asset in conformity with “TFRS 9 Financial Instruments” except financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired.

Under the scope of TFRS 9 application, the Bank does not reverse the interest accruals and discounts of non-performing loans and other receivables and monitors the related amounts under interest income and calculates expected credit loss on these amounts according to the related methodology.

VI. Fees and Commission Income and Expenses

Wages and commissions those that are not an integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted for in accordance with “TFRS 15 - Revenue from Customer Contracts”. Fees and commission income and expenses are recognized either on accrual basis or by using the effective interest method. Income earned in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third party real person or corporate body are recognized in income accounts in the period of collection.

VII. Financial Assets

The Bank within the scope of “TFRS 9 Financial Instruments”, classifies and accounts its financial assets as “Financial Assets at Fair Value Through Profit or Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” or “Financial Assets at Measured at Amortized Cost” by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to TFRS 9 “Recognition and Derecognition in Statement of Financial Position” requirements. The Bank recognizes a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

The Bank has three different business models for classification of financial assets:

- Business model aimed at holding financial assets in order to collect contractual cash flows: Financial assets held under the mentioned business model are managed to collect contractual cash flows over the life of these assets. The Bank manages its assets held under this portfolio in order to collect certain contractual cash flows
- Business model aimed at collecting contracted cash flows of financial assets and selling: In this business model, the Bank intends both to collect contractual cash flows of financial assets and to sell these assets.
- Other business models: A business model in which financial assets; are not held within the scope of a business model aimed at collection of contractual cash flows and within the scope of a business model aimed at collecting and selling contracted cash flows, are measured by reflecting fair value in profit or loss.

The Bank is able to reclassify all affected financial assets in case it changes the business model that is used for the management of financial asset.

In the event of the termination of the rights related to the cash flows from a financial asset, the transfer of all risks and rewards of the financial asset to a significant extent or has no longer control of the financial assets, the Bank derecognizes the financial asset.

1. Financial Assets at Fair Value Through Profit or Loss

Financial assets except financial assets measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason or financial assets that are not held in a business model that aims at collecting and/or selling contractual cash flows of financial assets.

Financial assets at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. Gains or losses arising from the valuation are related to profit and loss accounts.

In some cases, restructuring, alteration or counterparty changes of contractual cash flows of loans may lead to derecognition of related loans in accordance with TFRS 9. When the change in the financial asset results from derecognizing the existing financial asset from the financial statements and the revised financial asset is recognized in the financial statements, the revised financial asset is considered as a new financial asset in accordance with TFRS 9. When it is determined that there are significant changes between the new conditions of the revised financial asset and the first conditions in related agreements, the Bank evaluates the new financial asset according to the current business models. When it is determined that the contractual conditions do not only result in cash flows that include principal and interest payments at certain dates, the financial asset is recognized at fair value and is subject to valuation. The differences arising from the valuation are reflected in the nominal accounts.

The Bank recognizes loans at fair value through profit or loss, if the contractual terms of the loan, do not result in cash flow including the principal payments and interest payments generated from principal amounts at certain dates. These loans are valued at their fair values after their recognition and the losses or gains arising from the valuation are included in the profit and loss accounts.



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2. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income are financial assets that are held under a business model that aims both to collect contractual cash flows and to sell financial assets, and financial assets with contractual terms that lead to cash flows that are solely payments of principal and interest on the principle amount outstanding at specific dates.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction costs on the financial statements. The initial recognition and subsequent valuation of such financial assets, including the transaction costs, are carried out on a fair value basis and the difference between amortized cost and the cost of borrowing instruments is recognized in profit or loss by using the effective interest method. Dividend income arising from investments in equity instruments that are classified as at fair value through other comprehensive income is also recognized in income statements.

Gains and losses, except impairment gain or loss and foreign exchange gain or loss, arising from changes in the fair value of financial assets at fair value through other comprehensive income are reflected to other comprehensive income until derecognized or reclassified. When the value of the financial asset is collected or financial asset is disposed, the related fair value differences accumulated in the shareholders' equity are transferred to the profit or loss statement.

During the initial introduction to financial statements, amendments to the fair value of an investment in an equity instrument within the framework of TFRS 9 that are not held for trading or that are not valued in a financial statement of an entity that acquires business combinations under the "TFRS 3 Business Combinations" may be subject to an irreversible preference regarding these amendments being accounted in other comprehensive income. In such case dividends taken from mentioned investment will be accounted in financial statement as profit or loss.

3. Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are those financial assets that are held within the framework of a business model aimed at collecting contractual cash flows over the life of the asset and which result in cash flows that include principal and interest on the principal amount outstanding at specific dates. Financial assets measured at amortized cost with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the effective interest rate method, after eliminating any provision for impairment if there is any. Interest income measured by using the effective interest rate method are recognized in the income statement as an "interest income".

The Bank evaluates its loans within the framework of current business models and can be classified as Financial Assets measured at Amortized Cost.

VIII. Impairment of Financial Assets

In accordance with the "TFRS 9-Financial Instruments" and the regulation "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" issued by BRSA, the Bank recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income, financial assets measured at amortized cost, impaired credit commitments and financial guarantee contracts.

Within the scope of TFRS 9, the expected credit loss is calculated according to the "three-stage" impairment model based on the change in the loan quality of financial assets after initial recognition and detailed in the following headings:

Stage 1:

An important determinant for calculating the expected credit loss in accordance with TFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the stage one. Impairment for credit risk for the Stage 1 financial assets is equal to the 12-month expected credit losses.

Based on the BRSA's decision dated 17.06.2021 and numbered 9624, until 30.09.2021, the 30-days past due period foreseen for loans, in order to be classified as Stage 2, has been to be applied as 90 days past due for Stage 1 loans. In addition, the Bank provides provisions for customers in this group with a delay of more than 30 days, in accordance with its own risk policies and models, which also evaluate the borrower's conditions.

Based on the BRSA's decision dated 16.09.2021 and numbered 9795, as of 30.09.2021 the 30-days past due period foreseen for loans, in order to be classified as Stage 2 and the 90-days past due for Stage 1 has come to an end.

Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument's lifetime expected credit loss. In order to classify a financial asset in the stage 2, the following criteria is considered:

Overdue between 30-90 days

Restructuring of the loan

Significant deterioration in the probability of default

In other respect, the 30-days past due period foreseen for loans to be classified as Stage 2, to be applied as 90 days for Stage 1 loans until the date of 30.09.2021 in accordance with the BRSA's decision dated 17.06.2021 and numbered 9624. For the abovementioned group with a past due date more than 90 days, the Bank allocates provisions in accordance with its risk policies and applies grouping approach and models in which also evaluate the borrower's conditions.

Based on the BRSA's decision dated 16.09.2021 and numbered 9795, as of 30.09.2021 the 30-days past due period foreseen for loans, in order to be classified as Stage 2 and the 90-days past due for Stage 1 has come to an end.

In case of a significant deterioration in the probability of default, the credit risk is considered to be increased significantly and the financial asset is classified as stage 2. The absolute and gradual thresholds used to increase the probability of default are differentiated on the basis of portfolio and product group. In this manner, for the commercial portfolio, definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from the integrated rating/score based on internal rating and probability of default of the same loan on reporting date, obtained from the integrated rating/score based on internal rating. For the individual portfolio, it is accepted that the probability of default is worsened in cases where the behavioral score falls below the thresholds determined on the basis of the product and the probability of default exceeds the thresholds determined on the basis of the product.

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Stage 3:

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the third stage:

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or cannot be collected or there is a certain opinion on this matter

In other respect, based on the BRSA's decision dated 17.06.2021 and numbered 9624, the 90-days past due period for classifying loans as non-performing loans is applied as 180 days until 30.09.2021.

Based on the BRSA's decision dated 16.09.2021 and numbered 9795, the implementation of the 90-days past due period for the classification of loans as non-performing loans as 180 days was terminated as of the end of 30.09.2021.

While estimating the expected credit loss, statistical models, methods and tools are used in accordance with the relevant legislation and accounting standards. Expected credit loss is measured using reasonable and supportable information by taking current and forecasts of future economic information into consideration, including macroeconomic factors. Three scenarios, base scenario, optimistic scenario and the worst scenario, are used in forecasting studies made by macroeconomic models. The variables used in these macroeconomic estimates Industrial Production Index, Employment Ratio and Credit Default Swap indicators. The validity of the risk parameter estimates used in the calculation of expected credit losses is reviewed and evaluated at least annually within the framework of model validation processes. Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect the changes in economic conjuncture and are updated if needed. In this context, as a result of the review activities carried out in June 2021, the models of the probability of default in the relevant period and the macroeconomic models relating the probability of default to macroeconomic variables and the forward-looking forecasts were updated. In December 2021, macroeconomic forecasts which are approved by the Board of Directors began to be used. Except for demand or revolving loans, the maximum period for which expected credit losses are to be determined is the contractual life of the financial asset. For demand or revolving loans, maturity is determined by taking the future risk mitigation processes into account such as behavioral maturity analyses performed by the Bank and cancellation/revision of the Bank's credit limit.

While calculating the expected credit loss, aside from assessment of whether there is a significant increase in credit risk or not, basic parameters expressed as probability of default, loss given default and exposure at default are used.

Probability of Default: Represents the probability of default on the loan over a specified time period. In this context, the Bank has developed models to calculate 12-month and life-time default probabilities by using internal rating based credit rating models. As for the Group Companies historical probability of default data has also been observed.

Loss Given Default (LGD): Defined as the damage caused by the default of borrower to the total balance of the exposure at the time of default. The LGD estimates are determined in terms of credit risk groups that are detailed in the Bank's data resources and system facilities. The model used for the estimation of the LGD was established by taking into account the direct cost items during the collection process, based on the historical data of the Bank's collection, cash flows are discounted at effective interest rates.

Exposure at Default: For cash loans, the cash balance at the date of report, for non-cash loans the balance calculated using the Credit Conversion Factor (CCF) is represented by Exposure at Default.

Credit Conversion Factor: Calculated for non-cash loans (undrawn limit for revolving loans, commitments, non-cash loans etc.) The historical limit usage data of the Bank for revolving loans are analyzed and the limit amount that can be used until the moment of default is estimated. For non-cash loans, the cash conversion ratio of the loan amount is estimated by analyzing the product type and the past compensation amount of the bank.

Credit risks, which require qualitative assessments due to their characteristics and differ by grouping in this manner, are considered as individual within the internal policies. Calculations are made by the method of discounted cash flows with the effective interest rate expected from the relevant financial instrument. Discounted cash flows are estimated for 3 different scenarios in which parameters are differentiated, and individual expected credit loss is calculated by taking into consideration the cash deficit amounts weighted according to probabilities.

Developments recorded in the Bank, the world and the Turkish economy, and besides that, as mentioned above, the Bank allocated expected credit losses by reflecting additional provisions through individual assessments performed for the customers that operates in sectors where the impact might be high in accordance with the Bank's risk policies.

Expected credit loss is reflected in the income statement. Released provisions in the current year are accounted under "Expected Credit Loss Expenses" and released provision which is carried from the prior year are accounted under "Other Operating Income".

Receivables evidenced through the Legal Process that collection is not possible can be written-off by fulfilling the requirements of the Tax Procedure Law. Besides, the loans for which specific provision is allocated and for which there is no reasonable expectation of recovery might be written-off.

IX. Offsetting Financial Instruments

Financial assets and financial liabilities shall be offset, and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

X. Sale and Repurchase Agreements and Securities Lending Transactions

Marketable securities subject to repurchase agreements are classified under "Financial Assets at Fair Value through Profit and Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets Measured at Amortised Cost" in the Bank's portfolio and they are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under "Funds from Repurchase Transactions" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the effective interest rate method.

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method.



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XI. Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities

Assets that meet the criteria to be classified as held for sale within the scope of “IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations” are measured at the lower one of their fair value and their carrying amount which from the costs to sell are deducted and presented separately within the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active programme to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank that either has been disposed of or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

XII. Goodwill and Other Intangible Assets

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

The Bank’s intangible assets consist of software programs. The purchased items are presented with their acquisition costs less the accumulated amortization and impairment provisions. In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of “TAS 36 –Impairment of Assets” and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

The related assets are amortized by the straight-line method considering the estimated useful life. The amortization method and period are periodically reviewed at the end of each year.

XIII. Tangible Assets

The Bank follows its real estates in use, which are recorded under tangible fixed assets, according to the revaluation model within the framework of “TAS 16 – Property, Plant and Equipment” since 2015. The positive difference between the net book value of real estate property values and the renewed expertise values which are determined by the licensed valuation in 2021, companies are recorded under the shareholders’ equity.

In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of “TAS 36 – Impairment of Assets” and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

Tangible assets other than the land and construction in progress are amortized at the straight-line method, according to their estimated useful lives. The estimated useful life, residual amount and the method of amortization are reviewed every year for the possible effects of the changes that occur in the estimates and if there is any change in the estimates, they are recognized prospectively.

Assets held under finance lease are depreciated over the expected useful life of the related assets.

Assets subject to leasing are depreciated according to relevant contract periods.

Leasehold improvements are amortized in equal amounts considering their useful life. However, in any case the useful life cannot exceed leasing term. When the lease period is not certain or longer than 5 years, the amortization period is recognized as 5 years.

The difference between the sales proceeds arising from the disposal of tangible assets or the inactivation of a tangible asset and the book value of the tangible assets are recognized in the income statement.

Regular maintenance and repair costs incurred for tangible assets are recognized as expense.

There are no pledges, mortgages and similar encumbrances on tangible assets.

The “Regulation on Procedures and Principles for the Trading of Precious Metals by Banks and the Disposal of Commodities and Real Properties acquired by Banks due to their Receivables” has been abolished by BRSA effective from January 1, 2017. Real properties acquired by Group due to their receivables and not treated in the scope of “TFRS 5 – Non-current Assets Held for Sale and Discontinued Operations” has been started to follow under “Other Assets” in accordance with the related accounting standard from the current period.

The depreciation rates used in amortization of tangible assets and their estimated useful lives are as follows:

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	50	2%
Safe Boxes	2-50	2% – 50%
Other Movables	2-25	4% - 50%

XIV. Leasing Transactions

Assets acquired through financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables is recognized as a deferred amount of interest. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps a fixed rate interest on the remaining principal amount of the debt to be calculated. Within the context of the Bank’s general borrowing policy, financial expenses are recognized in the income statement. Assets held under financial leases are recognized under the “Property, Plant and Equipment” account and are depreciated by using the straight-line method.

The Bank does not participate in the financial leasing transactions as a “lessor”.

The Bank accounts its operating leases in accordance with the TFRS 16 “leases” standard. Operating leases within the framework of the aforementioned standard are monitored in a similar manner to financial leases. For the agreements within the scope of TFRS 16, the right of use asset and the lease payments are reflected to the financial statements and they are presented under “Tangible Assets” and “Liabilities from Financial Leases”, respectively. The lease liability is calculated by discounting the future lease payments by the use of the Bank or alternative borrowing interest rates at the date of initial application or contract date. Fixed assets, which are accounted as

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right of use assets, are subject to depreciation considering the period of the contract. Interest expenses and foreign exchange differences related to the lease liabilities are associated with profit and loss statement.

XV. Provisions and Contingent Liabilities

As of the end of the reporting period, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists, the entity recognizes a provision in the financial statements. As of the end of the reporting period where it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability on footnotes unless the possibility of an outflow of resources embodying economic benefits is remote.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation.

Provisions are calculated based on the reliable estimates of management on the expenses to incur as of the balance sheet date to fulfill the liability by considering the risks and uncertainties related to the liability. In case the provision is measured by using the estimated cash flows required to fulfill the existing liability, the book value of the related liability is equal to the present value of the related cash flows.

If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

XVI. Contingent Assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. Since showing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements, but if there is a possibility that an inflow of economic benefits of these assets may occur then it is explained in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and if it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XVII. Liabilities Regarding Employee Benefits

1. Severance Indemnities and Short-Term Employee Benefits

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay termination benefits for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. Within the scope of “TAS 19–Employee Benefits”, the Bank allocates severance indemnity provisions for employee benefits by estimating the present value of the probable future liabilities. According to TAS 19, all actuarial gains and losses occurred are recognized under shareholder’s equity. The Bank also allocates provision for the unused paid vacation.

2. Retirement Benefit Obligations

Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (“İşbank Pension Fund”), of which each Bank employee is a member, has been established according to the provisional Article 20 of the Social Security Act No. 506. As per provisional article numbered 23 of the Banking Law numbered 5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Act, will be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 numbered 2006/11345. However, the related article of the act has been cancelled upon the President’s application dated November 2, 2005, by the Supreme Court’s decision dated March 22, 2007, numbered E.2005/39, K.2007/33, which was published on the Official Gazette dated March 31, 2007 and numbered 26479 and the execution decision was ceased as of the issuance date of the related decision.

After the justified decree related to cancelling the provisional Article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated December 15, 2007 and numbered 26731, Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 “Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws”, which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the Bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However related transfer period has been prolonged for 2 years by the Cabinet decision dated March 14, 2011, which was published on the Official Gazette dated April 9, 2011 and numbered 27900. In addition, by the Law “Emendating Social Security and General Health Insurance Act”, which was published on the Official Gazette dated March 8, 2012 and numbered 28227, this period of 2 years has been raised to 4 years after that related transfer period has been prolonged for one more year by the Cabinet decision dated April 8, 2013, which was published on the Official Gazette dated 3 May 2013 and numbered 28636 also this period has revaluated one more year by the Cabinet decision dated February 24, 2014, which was published on the Official Gazette dated April 30, 2014 and numbered 28987. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the “Occupational Health and Safety Law and Other Laws and Decree Laws” published in the Official Gazette dated April 23, 2015 and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which was published in the repetitive Official Gazette No. 30473 dated July 9, 2018.

On the other hand, the application made on 19 June 2008 by the Republican People’s Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on 30 March 2011.

The aforementioned Law also states that;

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.8% will be used in the actuarial calculation of the value in cash,
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons’ uncovered social rights and payments,
- despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

In line with the new law, the Bank obtained a technical actuarial valuation report from the licensed actuary for the year ended December 31, 2021. In related period’s financial statements, Bank provided full provision for the total amount of technical and actual deficit stated in the actuarial report of the aforementioned period. The actuarial assumptions used in the related actuarial report are given in Section Five Note II-i-4.1.



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İşbank Members’ Supplementary Pension Fund has been founded to provide beneficiaries with additional social security and solidarity rights to compulsory social security benefits as per the provisions of the Turkish Commercial Code and Turkish Civil Code.

XVIII. Taxation

1. Corporate Tax:

In accordance with the Provisional Article 13 added to the Corporate Tax Law Numbered 5520 with the Law Numbered 7316, the 20% rate foreseen in the calculation of the corporate tax for the corporate earnings of the 2021 taxation period is determined as 25% (starting from the declarations to be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021), and as 23% for the corporate earnings for the 2022 taxation period. In this context, the Corporate Tax rate as of December 31, 2021 is 25%.

As per the Corporate Tax Law, temporary tax is calculated and paid quarterly in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period’s corporate tax. The 4th provisional tax for the year 2021 will be paid in February 2022 for to be deducted from the corporate tax of the current taxation period.

Tax expense consists of current tax and deferred tax. The current tax liability is calculated over the portion of the period subject to taxation. The taxable profit differs from the profit stated in the income statement, as the income and expense items that can be taxable or deductible at other periods, and items that are not taxable or deductible are excluded. The current tax amounts payable are netted off with prepaid tax amounts and presented on the financial statements.

Within the framework of the Corporate Tax Law numbered 5520, 75% of the gains on the sale of the participation shares, which were held in the assets for a minimum of 2 whole years and 75% of the gains on the sale of immovable are exempt from tax provided that they are added to the capital as set forth by the Law or that they are kept in a special fund under liabilities for a period of 5 years. However, in accordance with Article 89 / a of the Law No. 7061 and Article 5.1.e and Article 5.1.f of the Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, the 75% applied in terms of immovable sales mentioned above has been reduced to 50% which is effective from the date of publication of the Law.

In accordance with the provision of Article 298 / A of the Tax Procedure Law, the necessary conditions for inflation adjustment in the calculation of corporate tax as of the end of the 2021 calendar year have been met. However, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023 with the regulation made with the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated 29.01.2022 and numbered 31734. Accordingly, VUK (Tax Procedure Law) financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and the 2023 accounting period will not be subject to inflation adjustment as of the temporary tax periods. will be subject to inflation adjustment regardless.

2. Deferred Tax:

Deferred tax asset or liability is determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the legal tax base account, by taking the legal tax rates into account. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Free provisions that are allocated for possible future

risks are are not subject to deferred tax calculation. No tax assets or liabilities are recognized for the temporary timing difference that affects neither the taxable profit nor the accounting profit and that arises from the initial recognition in the balance sheet, of assets and liabilities, other than the goodwill and mergers. The Bank calculates deferred tax for the provisions allocated for Stage 1 and Stage 2 expected credit loss.

The carrying values of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at enacted tax rates prevailing in the period or about to be enacted when the assets are realized or liabilities are settled, and the tax is recognized as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts.

In accordance with the Provisional Article 13 added to the Corporate Tax Law Numbered 5520 with the Law Numbered 7316, the 20% rate foreseen in the calculation of the corporate tax for the corporate earnings of the 2021 taxation period is determined as 25% (starting from the declarations to be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021), and as 23% for the corporate earnings for the 2022 taxation period. The Bank has calculated deferred tax by using 20%, 23%, 25% rates considering the periods when deferred tax assets and liabilities are realized.

Deferred tax assets and liabilities are shown in financial tables by way of offsetting.

3. Tax Practices in the Countries that Foreign Branches Operate:

Turkish Republic of Northern Cyprus (TRNC)

In accordance with TRNC tax legislation, 15% income tax is accrued on the remaining tax base after 10% corporate tax is deducted from corporate income. The tax bases for companies are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. Income tax is paid in June, and corporate tax payment is made in two equal installments, in May and in October. On the other hand, withholding tax is paid in TRNC over interest income and similar gains of the companies. The related withholding tax payments and provisional tax paid every quarter during the year are deducted from corporate tax payable and the difference between withholding and provisional tax amounts and corporate tax payable is discounted from income tax provided that the withholding tax and paid provisional tax amounts are higher than corporate tax amount.

England

Corporate earnings are subject to 19% corporate tax in England. The relevant rate is applied to the tax base that is determined by adding the expenses that cannot be deducted due to the regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. In other respect, if the tax base calculated in accordance with the country legislation is within a certain range, the temporary corporate tax is paid in July, October of the relevant year and in January and April of the following year; If it is over a certain amount, it is paid in 4 installments in March, June, September and December of the relevant year. The corporate tax amount must be finalized and paid by the end of September of the year following the year of profit. In case the corporate tax payable as a result of the calculation is below the temporary taxes paid, the difference amount is deducted later or paid back to the Branch by the authority.

Bahrain

Banks in Bahrain are not subject to tax according to the regulations of the country.

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The Republic of Iraq (Iraq)

The corporate tax rate in Iraq is 15%, and the corporate tax is paid on a consolidated basis to the tax office of the foreign bank's central branch. The first branch established in Iraq is considered as the central branch. Foreign bank branches whose central branch is within the boundaries of the Central Government must submit their consolidated financial statements to the relevant tax office by the end of May of the following year, and branches of foreign banks whose central branch is within the boundaries of the Northern Iraq Regional Government by the end of June of the following year at the latest and must pay the tax. Northern Iraq Regional Government tax offices can accrue fixed taxes other than the specified rate and can postpone the last payment period.

Kosovo

Corporate earnings are subject to income tax rate of 10% according to the Kosovo legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the corporate income and that are calculated in accordance with the tax laws. Tax has to be paid in advance until April, July, October and the 15th day of January of the following year by four installments. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the end of March of the following year, in case of a claim made by the company, if it is higher, then the difference is returned to the institution by the tax authorities after the inspection conducted by those institutions.

4. Transfer Pricing:

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled “Transfer Pricing through Camouflage of Earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings through Transfer Pricing”.

According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions according to article 11 of Corporate Tax Law in means of corporate tax.

XIX. Borrowings

The Bank, whenever required, generates funds from individuals and institutions residing domestically and abroad by approaching the borrowing instruments in the form of syndication, securitization, collateralized borrowing and issue of bonds/bills. Such transactions are at first carried at acquisition cost, and in the following periods they are valued at amortized cost measured by using the effective interest rate method.

XX. Equity Shares and Their Issuance

Share issuance related to costs is recognized as expenses.

Dividend income related with the equity shares are determined by the General Assembly of the Shareholders.

Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods. The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The Bank’s earnings per share calculations taking place in the income statement are as follows:

	Current Period	Prior Period
Profit distributable to shareholders	13,467,895	6,810,917
Weighted average number of share certificates (Thousand figure)	112,502,250	112,502,250
Earnings per share – (in full TL)	0.119712228	0.060540274

XXI. Bank Acceptances and Bills of Guarantee

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XXII. Government Incentives

There are no government incentives utilized by the Bank, during the current or prior accounting periods.

XXIII. Segment Reporting

- Business segment is the part of an enterprise,
- which conducts business operations where it can gain revenues and make expenditures (including the revenues and expenses related to the transactions made with the other parts of the enterprise),
 - whose operating results are regularly monitored by the authorities with the power to make decisions related to the operations of the enterprise in order to make decisions related to the funds to be allocated to the segment and to evaluate the performance of the segment, and
 - which has its separate financial information.

Information on the Bank’s business segmentation and related information is explained in Section IV, Note XII.

XXIV. Other Disclosures

According to the Uniform Chart of Accounts published on January 1, 2021, the collateral amounts for the derivative transactions made with foreign banks which was accounted under “Other Assets” in the prior period has been reclassified to “Cash and Cash Equivalents-Banks”. In order to comply with the statement of financial position of the current period, a reclassification of TL 2,517,503 was made between the mentioned lines in the statement of financial position dated December 31, 2020. The effects of this reclassification on the cash flow have also been updated. The aforementioned reclassification did not have a significant effect on the size and performance of the Bank’s statement of financial position.



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Section Four: Information On The Financial Position And Risk Management Of The Bank

I. Explanations on Shareholders' Equity

The capital adequacy standard ratio of the bank is 20.36%. (31.12.2020: 18.68%). The capital adequacy standard ratio for the current period was calculated based on the Regulation on Measurement and Assessment of Capital Adequacy of Banks and other legal regulations and the BRSA regulation dated 21.12.2021 and numbered 9996. Within the scope of this regulation, the equity amount calculated without reflecting the negative net valuation differences of the securities included in the "Fair Value Through Other Comprehensive Income" portfolio was taken into consideration; in the calculation of the amount subject to credit risk, the simple arithmetic average of the last 252 business days in the foreign exchange buying rates of the Central Bank of the Republic of Turkey was used.

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	6,115,938	6,115,938
Share Premium	109,148	90,724
Legal Reserves	45,454,002	39,469,305
Other Comprehensive Income according to TAS	23,175,203	10,088,593
Profit	18,882,481	13,081,825
Net Current Period Profit	13,467,895	6,810,917
Prior Period Profit	5,414,586	6,270,908
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit		
Common Equity Tier I Capital Before Deductions	93,736,772	68,846,385
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9, (i) of the Regulation on Bank Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	1,434,150	393,890
Leasehold improvements on operational leases	48,823	48,658
Goodwill Netted with Deferred Tax Liabilities		
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,561,603	1,207,338
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences		
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting		
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach		
Securitization gains		
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness		
Net amount of defined benefit plans		
Direct and Indirect Investments of the Bank on its own Tier 1 Capital	530,307	530,307
Shares Obtained against Article 56, Paragraph 4 of the Banking Law		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Mortgage servicing rights (amount above 10% threshold)		
Net Deferred Tax Assets arising from Temporary Differences Exceeding the Threshold of Tier I Capital		
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks		
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital not deducted from Tier 1 Capital		
Excess Amount arising from Mortgage servicing rights		
Excess Amount arising from Deferred Tax Assets from Temporary Differences		
Other items to be defined by the regulator		
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals		

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	Current Period	Prior Period
Total Deductions from Common Equity Tier I Capital	3,574,883	2,180,193
Total Common Equity Tier I Capital	90,161,889	66,666,192
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)		
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital		
Other items to be Defined by the regulator		
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Net Deferred Tax Asset/Liability not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)		
Total Deductions from Additional Tier I Capital		
Total Additional Tier I Capital		
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	90,161,889	66,666,192
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	18,606,250	11,481,250
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	1,046,800	1,253,000
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	6,512,019	5,141,120
Tier II Capital Before Total Deductions	26,165,069	17,875,370
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)		
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation		
The Total of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)		
The Total of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)		
Other items to be Defined by the regulator (-)		
Total Deductions from Tier II Capital		
Total Tier II Capital	26,165,069	17,875,370
Total Equity (Total Tier I and Tier II Capital)	116,326,958	84,541,562
Deductions from Total Equity (Tier I Capital and Tier II Capital)	1,274	1,102
Loans Granted against the Articles 50 and 51 of the Banking Law	1,194	721
Net Book Values of Movables and Immovable's Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years		
Other items to be Defined by the regulator	80	381
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consoli-dated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation		



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	Current Period	Prior Period
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consoli-dated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Addi-tional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regula-tion		
The Portion of Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% of the Issued Share Capital, Deferred tax assets based on temporary differences and the right to offer mortgage as per the Temporary Article 2, Clause 1, Sub Clause 1 and 2 of the Regulation		
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	116,325,684	84,540,460
Total Risk Weighted Assets	571,357,082	452,476,866
CAPITAL ADEQUACY RATIOS		
Common Equity Tier I Capital Ratio (%)	15.78	14.73
Tier I Capital Ratio (%)	15.78	14.73
Capital Adequacy Ratio (%)	20.36	18.68
BUFFERS		
Total Additional Common Equity Requirement Ratio (a+b+c)	2.560	2.560
a) Capital Conservation Buffer Ratio (%)	2.500	2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.060	0.060
c) Systematic Important Bank Buffer Ratio (%)	0.000	0.000
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	9.78	8.73
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital		
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	280,196	242,174
Remaining Mortgage Servicing Rights		
Net Deferred Tax Assets arising from Temporary Differences	2,557,610	3,420,494
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	15,233,222	10,923,729
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	6,512,019	5,141,120
Total Loan Provision that Exceeds Total Expected Loss Calculated According to the Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach		
Total Loan Provision that Exceeds Total Expected Loss Calculated According to the Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets		
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4		
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	1,046,800	1,253,000
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	17,272,200	9,086,000

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Information on Subordinated Liabilities:				
Issuer	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	US900151AB70 - XS0847042024	US900151AF84 - XS1003016018	US90016BAF58 – XS1623796072	XS2106022754
Governing law(s) of the instrument	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.
Taking into account in equity calculation				
Subject to 10% deduction as of 1/1/2015	Yes	No	No	No
Eligible at unconsolidated/ consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated
Instrument type	Bond	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)		1,047	6,543	9,814
Par value of instrument	13,085	5,234	6,543	9,814
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	24.10.2012	10.12.2013	29.06.2017	22.01.2020
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	11 Years	10 Years
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank: (1) provided that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date a) can purchase b) can redeem all bonds if any taxes imposed or levied (2) can redeem all bonds in case of the deduction from equity.	The Bank: (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on June 29, 2023 provided that subject to having obtained the prior approval of the BRSA. The Bank: (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on January 22, 2025 provided that subject to having obtained the prior approval of the BRSA. The Bank: (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.
Subsequent call dates, if applicable	None.	None.	None.	None.
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	6 %	7.85 %	7 %	7.75 %
Existence of a dividend stopper	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.	None.
Existence of step up or other incentive to redeem	None.	None.	None.	None.
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative



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Convertible or non-convertible	None.	None.	None.	None.
If convertible, conversion trigger (s)				
If convertible, fully or partially				
If convertible, conversion rate				
If convertible, mandatory or optional conversion				
If convertible, specify instrument type convertible into				
If convertible, specify issuer of instrument it converts into				
Write-down feature	None	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.
If write-down, write-down trigger(s)		Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable).	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)
If write-down, full or partial		Partially or completely	Partially or completely	Partially or completely
If write-down, permanent or temporary		Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism				
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
In compliance with article number 7 and 8 of “Own fund regulation”	Yes	Yes	Yes	Yes
Details of incompliances with article number 7 and 8 of “Own fund regulation”	Don't vest with the conditions stated in clause of the Article 7 and the clause of 8.2. (ğ)	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.

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Issuer	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	TRSTISB72712	TRSTISB62911	TRSTISB92918
Governing law(s) of the instrument	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.
Taking into account in equity calculation			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at unconsolidated / consolidated	Unconsolidated – Consolidated	Unconsolidated - Consolidated	Unconsolidated – Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting data)	1,100	800	350
Nominal value of instrument (TL Million)	1,100	800	350
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	08.08.2017	19.06.2019	26.09.2019
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity
Subsequent call dates, if applicable	None.	None.	None.
Interest/Dividend Payment			
Fixed or floating coupon/dividend payments	Floating	Floating	Floating
Coupon rate and any related index	Government Debt Security for 5 years + 350 base points	TRLIBOR with 3 months maturity + 100 base points	Government Debt Security for 5 years + 350 base points
Existence of a dividend stopper	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.
Existence of step up or other incentive to redeem		None.	None.
Noncumulative or cumulative		None.	None.
Convertible into equity shares	None.	None.	None.
If convertible, conversion trigger (s)	Non-cumulative	Non-cumulative	Non-cumulative
If convertible, fully or partially	None.	None.	None.
If convertible, conversion rate			
If convertible, mandatory or optional conversion			
If convertible, specify instrument type convertible into			
If convertible, specify issuer of instrument it converts into			



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Write-down feature	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.
If write-down, write-down trigger(s)	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.
If bond can be written-down, full or partially	Partially or Completely	Partially or Completely	Partially or Completely
If bond can be written-down, permanent, or temporary	Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism			
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Yes.	Yes.	Yes.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.

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Explanations on the reconciliation of amounts on the equity items statement and amounts on the balance sheet:

Current Period	Carrying Amount	Amounts in Equity
Shareholders' equity	86,839,291	91,772,315
Leasehold improvements on operational leases	48,823	(48,823)
Goodwill and intangible assets	1,750,109	(1,561,603)
Provision	15,233,222	6,512,019
Subordinated debt	37,470,997	19,653,050
Deductions from shareholders' equity	1,274	(1,274)
Capital		116,325,684

(*) The related amounts are calculated in accordance with "Regulation on Equities of Banks". In this context, part of the expected credit loss of stage 1 and stage 2 up to 1.25 % of amount subject to credit risk, part; subordinated loans according to fourth article of the regulation, have been taken into consideration in equity calculation. On the other hand, in the calculation, the equity amount calculated in accordance with the HIN

II. Explanations on Credit Risk

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Bank.

The Bank's position against the credit risk limits defined by the current legislation is monitored by the Board. Within this framework, loans extended to Risk Groups and the Bank's Risk Group, including the Bank; loans in high amounts and limitations regarding the shares in participations are monitored according to the limits determined in connection with the size of the shareholders' equity.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Divisions, the Deputy Chief Executives responsible for loans, the CEO, the Credit Committee and Board of Directors. These limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, provided that each period does not exceed a year. Furthermore, the borrowers and borrower groups forming a large proportion of the overall placement are subject to risk limits in order to provide further minimization of potential risk.

The geographical distribution of borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is monitored on a consistent basis by using company rating and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation.

Utmost importance is given to ensure that loans are furnished with collaterals. Allocation decision, by the definition of credit risk, is not based on the assumption of collaterals can be liquidized. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantees. Jurisdictional applicability of collaterals in default, time required to convert to money and ability to maintain expected values are taken into consideration from the beginning of the credit allocation process. Most of the loans are collateralized by the receipt of real estate and securities pledge, commercial enterprise pledge, exchange notes and other liquid securities receivables, bank letters of guarantees and surety of other persons and institutions. It is an important element of the credit policy that disinclude concentration on collaterals.

Non-performing and impaired loans has been classified in accordance with the "TFRS 9-Financial Instruments" and BRSA's "Regulation on Procedures and Principles for Classification of Loans and Provisions to be set aside". The detailed descriptions of these methods correspond with accounting practices, are included in Section Three Note VIII.

Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with different risk classes according to the types and amounts of disaggregated risks are listed below the average for the period.



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Amount subject to credit risk (*)	Current Period Risk Amount	Average Risk Amount (**)
Risk Classifications		
Exposures to central governments or central banks	264,713,872	214,008,092
Exposures to regional governments or local authorities	342,308	395,467
Exposures to administrative bodies and non-commercial undertakings	587,608	537,899
Exposures to multilateral development banks	299,645	262,665
Exposures to international organizations		
Exposures to banks and brokerage houses	37,110,005	36,845,064
Corporates exposures	306,274,932	290,212,366
Retail exposures	126,174,590	123,261,858
Exposures secured by residential real estate property	24,777,988	13,046,179
Exposures secured by commercial real estate property	27,717,894	24,579,458
Past due items	6,791,059	7,119,226
Items in regulatory high-risk categories	23,644,249	9,365,333
Exposures in the form of bonds by mortgages		
Short term exposures to banks, brokerage houses and corporates		
Exposures in the form of collective investment undertakings	1,586,280	1,702,165
Other items	27,148,061	24,916,443
Share Certificate Investment	38,685,526	31,487,099

(*) Risk amounts after the credit conversions and the effects of credit risk mitigation

(**) Average risk amounts are the arithmetical average of the amounts in quarterly reports prepared.

2. There are certain control limits on forward transactions in terms of counter parties, and the risks taken for derivative instruments are evaluated along with other potential risks resulting from the market fluctuations.

3. As a result of the current level of customers’ needs and the progress in the domestic market in this particular area, the Bank uses derivative transactions either for hedging or for commercial purposes. Derivative instruments with a remarkable volume are monitored with consideration that they can always be liquidated in case of need.

4. Indemnified non-cash loans are considered as having the same risk weights as unpaid cash loans.

The rating and scoring systems applied by the Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized loans are evaluated by a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the projects undertaken or the asset financed.

5. Lending transactions abroad are conducted by determining the country risks of related countries within the context of the current rating system and by taking the market conditions, country risks, and the relevant legal limitations into account. Furthermore, the credibility of banks and other financial institutions established abroad is examined within the framework of the ratings that are determined by rating agencies and backed with CDS-IR (based on credit default swap) ratings and credit limits are assigned to the related banks and financial institutions accordingly.

- 6.
- i. The share of the Bank’s receivables from the top 100 and 200 cash loan customers in the overall cash loan portfolio stands at 31%, 39%, respectively (December 31, 2020: 27%, 36%).
 - ii. The share of the Bank’s receivables from the top 100 and 200 non-cash loan customers in the overall non-cash portfolio stands at 44%, 57% respectively (December 31, 2020: 45%, 58%).
 - iii. The share of the Bank’s cash and non-cash receivables from the top 100 and 200 loan customers in the overall cash and non-cash loans stands at 17%, 23%, respectively (December 31, 2020: 17%, 23%).

Companies that are among the top loan customers ranked according to cash, non-cash and total risks are leaders in their own sectors, the loans advanced to them are in line with their volume of industrial and commercial activity. A significant part of such loans is extended on a project basis, with their repayment sources being analyzed in accordance with the banking principles to be considered as satisfactory and associated risks are determined and duly covered by obtaining appropriate guarantees when deemed necessary.

7. The total value of the stage 1 and stage 2 expected credit loss allocated for credit risk stands at TL 14,511,914 (December 31, 2020: TL 10,375,920).

8. The Bank measures the quality of its loan portfolio by applying different rating/scoring models on cash commercial/corporate loans, retail loans and credit cards. The breakdown of the rating/scoring results, which are classified as “Strong”, “Standard” and “Below Standard” by considering their default features, is shown below.

The loans whose borrowers’ capacity to fulfill their obligations is very good, are defined as “Strong”, whose borrowers’ capacity to fulfill its obligations in due time is reasonable, are defined as “Standard” and whose borrowers’ capacity to fulfill their obligations is poor, are defined as “Below Standard”.

	Current Period	Prior Period
Strong	%45.06	48.71 %
Standard	%49.68	43.51 %
Below Standard	%5.26	7.78 %

The table data comprises behavior rating/scoring results.

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9. The net values of the collaterals of the closely monitored loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period			Prior Period		
	Personal	Commercial and Corporate	Credit Cards	Personal	Commercial and Corporate	Credit Cards
Real Estate Mortgage (*)	1,085,464	8,038,098		681,452	8,318,497	
Cash Collateral (Cash, securities pledge, etc.)	48,643	248,190		37,128	291,707	
Pledge on Wages and Vehicles	2,344,742	331,996		1,469,688	204,747	
Cheques & Notes		499			586	
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	450,396	33,902,536		236,678	23,694,264	
Non-collateralized	3,411,382	7,588,212	2,206,344	1,432,206	5,398,670	1,067,462
Total	7,340,627	50,109,531	2,206,344	3,857,152	37,908,471	1,067,462

(*) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

10. The net values of the collaterals of non-performing loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Loan Balance	Net Value of the Collateral	Loan Balance
Real Estate Mortgage (*)	5,444,533	5,444,533	5,580,741	5,580,741
Cash Collateral	657	657	366	366
Vehicle Pledge	263,607	263,607	286,435	286,435
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	6,716,113	6,716,113	7,262,883	7,262,883

(*) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports, and after comparing the results to the mortgage/pledge amounts and loan balances the smallest figures are considered to be the net value of collaterals.

11. The aging analysis of the receivables past due but not impaired in terms of financial asset classes, is as follows:

Current Period (*)	31-60 Days (**)	61-90 Days (**) (***)	Total
Loans			
Corporate / Commercial Loans	79,196	689,714	768,910
Consumer Loans	155,537	70,167	225,704
Credit Cards	393,119	204,307	597,426
Total	627,852	964,188	1,592,040

(*) The loans classified as closely monitored that are not past due or past due for less than 31 days is TL 55,682,522.

(**) Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 1,185,836 and TL 1,196,104 respectively.

Prior Period (*)	31-60 Days (**)	61-90 Days (**) (***)	Total
Loans			
Corporate / Commercial Loans	120,921	1,564,999	1,685,920
Consumer Loans	28,118	147,779	175,897
Credit Cards	60,020	184,618	244,638
Total	209,059	1,897,396	2,106,455

(*) The loans classified as closely monitored that are not past due or past due for less than 31 days is TL 37,329,789.

(**) Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 2,660,732 and TL 736,109 respectively.

(***) Based on the decisions taken by the BRSA within the scope of the COVID-19 outbreak, only the overdue amounts (1,369,804 TL) of the loans that have delayed more than 90 days as of 17.03.2020 and continue to be classified under close monitoring are included and the payment of these loans its outstanding balance is 2,097,786 TL.



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12. Profile of significant exposures in major regions

Current Period	Domestic	European Union	OECD Countries (**)	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Undistributed Assets/ Liabilities (***)	Total
Risk Groups (*)									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks (****)	260,247,872	393			1,136,972	3,328,635			264,713,872
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	342,280					28			342,308
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	587,534					74			587,608
Contingent and Non-Contingent Receivables from Multilateral Development Banks			299,645						299,645
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	5,913,906	16,832,796	8,512,787	1,405	4,209,839	1,639,272			37,110,005
Contingent and Non-Contingent Corporate Receivables	294,656,816	982,718	2,629,437	652,920	3,369	7,349,672			306,274,932
Contingent and Non-Contingent Retail Receivables	124,213,264	245,659	143,404	1,545	37,789	1,532,929			126,174,590
Contingent and Non-Contingent Receivables Secured by Residential Property	51,549,305	212,708	45,683	85	34,547	653,554			52,495,882
Non-Performing Receivables	6,653,184	127,476	4,330		1,349	4,720			6,791,059
Receivables are identified as high risk by the Board	23,255,664	92,613	12,713	1,377	13,994	267,888			23,644,249
Secured Marketable Securities									
Securitization Positions									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	1,586,280								1,586,280
Other Receivables	26,581,561	110,895	455,605						27,148,061
Share Certificate Investments							38,685,526		38,685,526
Total	795,587,666	18,605,258	12,103,604	657,332	5,437,859	14,776,772	38,685,526		885,854,017

(*) Risk amounts after the credit conversions and the effects of credit risk mitigation

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

(***) Assets and liabilities that are not consistently allocated.

(****) Credits guaranteed by the Undersecretariat of Treasury are included in the class of receivables from central government.

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Prior Period	Domestic	European Union	OECD Countries (**)	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Undistributed Assets/ Liabilities (***)	Total
Risk Groups (*)									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks (****)	171,550,123	554			1,381,513	2,167,530			175,099,720
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	454,664					1			454,665
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	546,941					93			547,034
Contingent and Non-Contingent Receivables from Multilateral Development Banks		36,797	192,154						228,951
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	5,040,922	16,705,749	5,463,934	11,772	3,678,389	1,222,927			32,123,693
Contingent and Non-Contingent Corporate Receivables	245,186,583	878,894	760,374	592,449	902,905	5,674,901			253,996,106
Contingent and Non-Contingent Retail Receivables	107,085,755	341,011	127,212	1,358	48,685	1,469,511			109,073,532
Contingent and Non-Contingent Receivables Secured by Residential Property	33,285,077	110,679	29,606	126	9,658	25,586			33,460,732
Non-Performing Receivables	7,321,663	12,428	208		2,231	6,450			7,342,980
Receivables are identified as high risk by the Board	165,740	1				15			165,756
Secured Marketable Securities									
Securitization Positions									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	1,581,841								1,581,841
Other Receivables	21,287,537		9,340						21,296,877
Equity Investments							26,315,903		26,315,903
Total	593,506,846	18,086,113	6,582,828	605,705	6,023,381	10,567,014	26,315,903		661,687,790

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

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

(***) Assets and liabilities that are not consistently allocated

(****) Credit Guarantee Fund guaranteed by the Undersecreteriat of Treasury are included in the receivables from central governments.



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13. Risk profile by sectors or counterparties:

Current Period									Current Period									
Bank									Bank									
	(1) (**)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	(12)	(13)	(14)	TP	YP	Toplam
Sectors/Counterparty (*)																		
Agricultural	42,012		532				2,583,125	4,622,076		691,707	40,417	154,192				6,591,972	1,542,089	8,134,061
Farming and Raising Livestock	39,609		461				1,723,853	4,569,094		642,897	37,023	152,972				6,480,754	685,155	7,165,909
Forestry	917		71				26,603	22,705		3,233	293	699				54,272	249	54,521
Fishing	1,486						832,669	30,277		45,577	3,101	521				56,946	856,685	913,631
Industry	1,031,211		33,475				143,084,433	11,363,740		7,947,901	2,161,578	165,739			18,753,156	61,386,522	123,154,711	184,541,233
Mining	20,385						6,032,300	273,603		77,901	48,323	3,399				1,473,045	4,982,866	6,455,911
Production	993,819						90,997,114	10,826,832		7,564,090	521,967	154,369			18,753,156	50,992,615	78,818,732	129,811,347
Electricity, gas, and water	17,007		33,475				46,055,019	263,305		305,910	1,591,288	7,971				8,920,862	39,353,113	48,273,975
Construction	1,102,436		4,563				33,502,377	5,057,865		4,278,608	2,409,240	185,827				19,237,987	27,302,929	46,540,916
Services	138,609,511		464,598	299,645		36,385,396	105,497,726	42,063,968		21,982,511	1,618,485	1,028,028	1,586,280	608,731	19,297,443	141,234,472	228,207,850	369,442,322
Wholesale and Retail Trade	1,174,187						42,161,235	24,699,996		10,108,863	558,929	423,011			114,020	52,522,849	26,717,392	79,240,241
Hotel, Food and Beverage Services	300,534						7,169,755	2,431,754		3,025,167	170,082	118,540				4,754,981	8,460,851	13,215,832
Transportation and Telecommunication	4,202,103		9				26,376,167	10,127,024		2,224,748	751,418	251,552			114,785	17,601,362	26,446,444	44,047,806
Financial Institutions	132,735,419		339,710	299,645		36,385,396	17,714,786	555,874		792,378	1,405	7,127	1,586,280	608,731	16,291,596	52,650,982	154,667,365	207,318,347
Real Estate and Renting Services	45,040		84,181				4,888,884	1,720,446		3,932,915	96,169	60,451			2,777,042	8,155,555	5,449,573	13,605,128
Self-Employment Services	32,835		35,793				741,510	1,046,842		406,469	14,924	90,843				1,974,991	394,225	2,369,216
Education Services	46,419		4,716				859,042	405,189		908,184	10,969	15,710				1,154,503	1,095,726	2,250,229
Health and Social Services	72,974		189				5,586,347	1,076,843		583,787	14,589	60,794				2,419,249	4,976,274	7,395,523
Other	123,928,702	342,308	84,440			724,609	21,607,271	63,066,941		17,595,155	561,339	22,110,463		26,539,330	634,927	225,830,636	51,364,849	277,195,485
Total	264,713,872	342,308	587,608	299,645		37,110,005	306,274,932	126,174,590		52,495,882	6,791,059	23,644,249	1,586,280	27,148,061	38,685,526	454,281,589	431,572,428	885,854,017

(1) Contingent and non-contingent exposures to central governments or central banks (2) Contingent and non-contingent exposures to regional governments or local authorities
(3) Contingent and non-contingent exposures to administrative bodies and non-commercial undertakings (4) Contingent and non-contingent exposures to multilateral development banks (5) Contingent and non-contingent exposures to international organizations
(6) Contingent and non-contingent exposures to banks and brokerage houses (7) Contingent and non-contingent corporate receivables (8) Contingent and non-contingent retail receivables (9) Contingent and non-contingent exposures secured by real estate property
(10) Past due receivables (11) Receivables in regulatory high-risk categories (12) Other receivables (13) Share Certificate Investments (14) Stock Investments
(*) Risk amounts after the credit conversions and the effects of credit risk mitigation (**) Credit Guarantee Fund guaranteed by the undersecreteriat of treasury are included in the receivables from central governments.



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

	Current Period					
	Time to Maturity					
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Total
Risk Groups (*)						
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	7,088,091	9,386,431	5,241,139	5,242,241	113,429,233	140,387,135
Contingent and Non-Contingent Receivables from Regional Governments or Domestic Governments	2,065	808	489	7,580	331,366	342,308
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	2,806	360,630	28,617	97,238	74,311	563,602
The multilateral development banks and non-contingent receivables		246,181			53,464	299,645
Contingent and Non-Contingent Receivables from Banks and Intermediaries	7,755,227	2,377,936	2,259,325	6,956,019	4,699,161	24,047,668
Contingent and Non-Contingent Corporate Receivables	14,635,901	29,613,634	38,161,033	45,048,877	175,814,410	303,273,855
Contingent and Non-Contingent Retail Receivables	35,852,634	2,693,801	3,973,279	11,691,157	67,303,761	121,514,632
Contingent and Non-Contingent Collateralized Receivables with Real Estate Mortgages	1,016,275	1,268,066	2,586,977	4,306,161	40,288,565	49,466,044
Receivables are identified as High Risk by the Board	252,100	2,883	3,973	10,339	20,943,185	21,212,480
Total	66,605,099	45,950,370	52,254,832	73,359,612	422,937,456	661,107,369

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

15. Information on Risk Classes

In the calculation of the amount subject to credit risk, determining the risk weights related to risk classes stated on the sixth article of “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, is based on the Fitch Ratings’ and JCR Avrasya Derecelendirme A.Ş. international rating.

“Contingent and Non-Contingent Receivables from Banks and Intermediaries” are receivables from related parties residing in foreign countries against the risk evaluated in class with “Contingent and Non-Contingent Receivables from Central Governments or Central Banks” are receivables that are evaluated in the class will be the subject of risk weights determined in accordance with Fitch Ratings issued by the rating of the risk. “Contingent and Non-Contingent Receivables from Banks and Intermediaries” in the class with resident banks and brokerage firms in the dorm evaluated risk “Contingent and Non-Contingent Corporate Receivables” in the class evaluated dorm resident companies and financial institutions in the TL-denominated receivables, the risk weights that will be the subject of JCR Avrasya Derecelendirme A.Ş. international rating grades assigned by it are used. The aforementioned application is made in accordance with BRSA decision No. 8875 dated 21.02.2020, which allows the national grades assigned by the relevant organization to be taken into account in the calculations of amounts based on credit risk.

If a receivable-specific rating is performed, risk weights to be applied on the receivable are determined by the relevant credit rating.

The table related to mapping the ratings used in the calculations and credit quality grades, which is stated in the Annex of Regulation on Measurement and Evaluation of Capital Adequacy of Banks, is given below:

Credit Quality Grades	1	2	3	4	5	6
Risk Rating	AAA via AA-	A+ via A-	BBB+ via BBB-	BB+ via BB-	B+ via B-	CCC+ and lower

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Risk Amounts according to Risk Weights

Risk Weight	0%	20%	35%	50%	75%	100%	150%	250%	Other (**)	Mitigation in Shareholders’ Equity (**)
Amount Before Credit Risk Mitigation (*)	264,770,367	41,602,941	24,836,316	61,674,314	124,395,008	351,258,369	23,930,490	280,196	389,140	1,607,847
Amount After Credit Risk Mitigation	272,939,387	40,846,869	24,777,988	61,587,520	121,117,602	340,312,566	23,602,749	280,196	389,140	1,607,847

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

(**) Related balance includes receivables from central counterparties subject to 2% risk weight

16. Miscellaneous Information According to Type of Counterparty or Major Sectors

	Significant Sectors/Counterparty	Loans		Provisions
	Current Period	Depreciated (TFRS 9)		Expected Credit Loss (TFRS 9)
		Significant Increase in Credit Risk (Stage 2)	Non-Performing (Stage 3)	
1	Agricultural	713,865	166,146	252,676
1.1	Farming and Raising Livestock	518,333	149,766	194,930
1.2	Forestry	1,385	1,829	1,693
1.3	Fishing	194,147	14,551	56,053
2	Industry	22,460,675	7,001,146	10,580,731
2.1	Mining	45,758	117,916	78,323
2.2	Production	6,792,887	2,501,111	3,511,668
2.3	Electricity, gas, and water	15,622,030	4,382,119	6,990,740
3	Construction	4,127,515	6,047,460	4,281,706
4	Services	22,748,411	5,448,195	7,073,436
4.1	Wholesale and Retail Trade	5,093,651	2,587,088	2,877,911
4.2	Hotel, Food and Beverage Services	5,214,520	540,374	1,007,291
4.3	Transportation and Telecommunication	4,167,140	1,636,348	1,562,674
4.4	Financial Institutions	17,521	9,620	10,333
4.5	Real Estate and Renting Services	5,491,812	496,020	1,134,225
4.6	Self-Employment Services	407,349	59,845	70,970
4.7	Education Services	127,685	57,421	64,914
4.8	Health and Social Services	2,228,733	61,479	345,118
5	Other	9,606,036	2,167,612	2,696,901
6	Total	59,656,502	20,830,559	24,885,450

17. Information on Value Adjustments and Change in Credit Provisions:

	Beginning Balance	Additional Provisions	Reversal of Provisions	Other Value Adjustment	Ending Balance
Stage 3 provisions	12,975,961	4,295,960	(3,480,926)		13,790,995
Stage 1 and Stage 2 Provisions	10,375,920	9,357,641	(5,221,647)		14,511,914

18. Exposures Subject to Counter-cyclical Capital Buffer

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	375,441,490	207,095	375,648,585
Germany	4,259,853		4,259,853
TRNC	3,536,709		3,536,709
England	2,299,964		2,299,964
Albania	1,501,401		1,501,401
Malta	1,085,701		1,085,701
Kosova	1,084,821		1,084,821
Marshall Island	743,226		743,226
Iraq	677,942		677,942
Cayman Island	652,744		652,744
Other	883,977	49,931	933,908



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III. Explanations on Currency Risk

The exposed currency risk of the Bank is result of the difference between the assets denominated in and indexed to foreign currencies and liabilities denominated in foreign currencies. Furthermore, parity fluctuations of different foreign currencies are another element of the currency risk.

The currency risk is managed by the internal currency risk limits which are established as a part of the Bank’s risk policies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet regularly to take the necessary decisions for hedging exchange rate and parity risks within the framework of the limits determined by the “Net Foreign Currency Overall Position/Shareholders’ Equity” ratio which is a part of the legal requirement and the internal currency risk limits specified by the Board of Directors. Foreign exchange risk management decisions are strictly applied.

In measuring currency risk, both the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall are used as applied in the statutory reporting.

Measurements made within the scope of the Standard Method are carried out on a monthly basis and form the basis of determining the capital requirement for hedging currency risk.

Risk measurements made within the context of the VAR are practiced on a daily basis using the historical and Monte Carlo simulation methods. Scenario analyses are conducted to support the calculations made within the VAR context. Expected loss calculations are also carried out daily.

The results of the measurements made on currency risk are reported to the Key Management and the risks are closely monitored by taking into account the market and the economic conditions.

The Bank’s foreign currency purchase rates at the date of balance sheet and for the last five working days of the period announced by the Bank in TL are as follows:

Date	USD	EUR
December 31, 2021	13,0850	14,8390
December 30, 2020	12,9097	14,6396
December 29, 2020	12,4600	14,1297
December 28, 2020	11,6965	13,2381
December 27, 2020	11,3492	12,8552
December 24, 2020	11,5260	13,0359

The Bank’s last 30-days arithmetical average foreign currency purchase rates:

USD: 13,2847 TL EURO: 15,0164 TL

Sensitivity to currency risk:

The Bank’s sensitivity to any potential change in foreign currency rates has been analyzed. In the analysis presented below, 10% change, which is also the amount used for the internal reporting purposes, is anticipated in USD, EUR, GEL and CHF.

	% Change in Foreign Currency	Effects on Profit/Loss (*)	
		Current Period	Prior Period
USD	10 % increase	(31,038)	36,357
	10 % decrease	31,038	(36,357)
EURO	10 % increase	284,955	355,066
	10 % decrease	(284,955)	(355,066)
GEL	10 % increase	44,033	21,256
	10 % decrease	(44,033)	(21,256)
CHF	10 % increase	44,448	30,076
	10 % decrease	(44,448)	(30,076)

(*) Indicates the values before tax

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Information on currency risk:

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽¹⁾	79,164,133	64,172,172	21,306,466	164,642,771
Banks	6,123,593	8,142,099	9,695,388	23,961,080
Financial Assets at Fair Value through Profit/Loss ⁽²⁾	2,442,160	6,926,516	5,560,441	14,929,117
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	2,379,006	28,352,062	7,026	30,738,094
Loans ⁽³⁾	109,284,998	113,456,248	4,157,234	226,898,480
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	3,340,030		1,199,408	4,539,438
Financial Assets Measured at Amortised Cost	891,290	2,814,609	973,421	4,679,320
Derivative Financial Assets Held for Risk Management				
Tangible Assets ⁽²⁾	24,110	2,041	8,109	34,260
Intangible Assets ⁽²⁾				
Other Assets ⁽²⁾	1,160,926	5,639,176	212,450	7,012,552
Total Assets	204,810,246	229,504,923	43,119,943	477,435,112
Liabilities				
Banks Deposits	1,397,361	473,547	248,254	2,119,162
Foreign Currency Deposits ⁽⁴⁾	141,588,919	209,595,715	74,706,193	425,890,827
Money Market Funds		9,113,694		9,113,694
Funds Provided from Other Financial Institutions	20,665,269	42,481,105		63,146,374
Marketable Securities Issued ⁽⁵⁾		60,470,981	144,927	60,615,908
Miscellaneous Payables	347,566	2,198,166	155,000	2,700,732
Derivative Financial Liabilities Held for Risk Management				
Other Liabilities ⁽²⁾	2,287,752	3,965,134	215,956	6,468,842
Total Liabilities	166,286,867	328,298,342	75,470,330	570,055,539
Net Balance Sheet Position	38,523,379	(98,793,419)	(32,350,387)	(92,620,427)
Net Off Balance Sheet Position	(34,917,922)	102,207,134	33,934,554	101,223,766
Derivative Financial Assets ⁽⁶⁾	23,722,933	151,052,076	37,319,331	212,094,340
Derivative Financial Liabilities ⁽⁶⁾	58,640,855	48,844,942	3,384,777	110,870,574
Non-Cash Loans	63,144,010	75,747,621	8,477,435	147,369,066
Prior Period				
Total Assets	102,183,304	129,902,511	25,579,089	257,664,904
Total Liabilities	93,727,659	189,170,266	47,021,181	329,919,106
Net Balance Sheet Position	8,455,645	(59,267,755)	(21,442,092)	(72,254,202)
Net Off Balance Sheet Position	(4,939,836)	60,694,619	22,680,380	78,435,163
Derivative Financial Assets	14,700,689	83,998,250	23,965,091	122,664,030
Derivative Financial Liabilities	19,640,525	23,303,631	1,284,711	44,228,867
Non-Cash Loans	37,579,765	37,803,128	4,445,593	79,828,486

(1) Precious metals accounts amounting TL 20,081,293 are included.

(2) In accordance with the Communiqué regarding the principles of the “Regulation on Measurement and Practices of Banks’ Net Overall FC Position/Shareholders’ Equity Ratio on a Consolidated and Unconsolidated Basis”, Foreign Currency Income Accruals of Derivative Financial Instruments (TL 14,765,878), Operating Lease Development Costs (TL 5,718), Intangible assets (TL 3.006), Deferred Tax Asset (TL 2,470,081), Prepaid Expenses (TL 183,722), Stage 1 and Stage 2 expected credit loss (TL (8,727,116)), Assets Held for Sale and Related to Discontinued Operations (TL 9,532), in liabilities; Foreign Currency Expense Accruals of Derivative Financial Instruments (TL 3,740,958) and Shareholders’ Equity (TL (3,084,642)) in Stage 1 and Stage 2 expected credit loss for non-cash loans (TL 223,394) in liabilities are not included in currency risk calculations.

(3) Foreign currency indexed loans amounting TL 698,316 presented in TL loans in the balance sheet are included in the table above. TL 444,604 is USD indexed, TL 246,881 is EUR indexed, TL 1,189 is CHF indexed, TL 5,642 is GBP indexed.

(4) Precious metals deposit accounts amounting TL 54,040,023 are included.

(5) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

(6) The derivative transactions within the context of forward foreign currency options and foreign currency forwards definitions included in the Communiqué above are taken into consideration.



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IV. Explanations on Interest Rate Risk

Interest rate risk is defined as the impairment in the value of the Bank’s interest sensitive Asset, liabilities and off-balance sheet items due to interest rate fluctuations. A method which takes into consideration the effect of standard interest shocks on the economic values of the Bank’s on and off-balance sheet interest sensitive accounts is used for measuring the interest rate risk arising from the banking accounts, whereas the interest rate risk related to interest sensitive financial instruments followed under trading accounts is assessed within the scope of market risk.

Potential effects of interest rate risk on the Bank’s assets and liabilities, market developments, the general economic environment and expectations are regularly followed in meetings of the Asset-Liability Committee, where further measures to reduce risk are taken when necessary.

The Bank’s on and off-balance sheet interest sensitive accounts other than the assets and liabilities exposed to market risk are monitored and controlled by the limits on the ratio of structural interest rate risk to equity and tier 1 capital determined by the Board within the scope of asset-liability management risk policy. Moreover, scenario analyses formed in line with the average maturity gaps and the historical data and expectations are also used in the management of the related risk.

In addition, the impact of changes in interest rates on the Bank’s net interest income is regularly analyzed. Within this framework, the limit on the ratio of change in net interest income to the capital is expected to occur under various scenarios are monitored and regularly reported to senior management.

Interest rate sensitivity

In this part, the sensitivity of the Bank’s assets and liabilities to the interest rates has been analyzed assuming that the year-end balance figures were the same throughout the year. Mentioned analysis shows how the FC and TL changes in interest rates by one point during the one-year period affect the Bank’s income accounts and shareholders’ equity under the assumption maturity structure and balances are remain the same all year round at the end of the year.

During the measurement of the Bank’s interest rate sensitivity, the profit/loss on the asset and liability items that are evaluated with market value are determined by adding to/deducting from the difference between the expectancy value of the portfolio after one year in case there is no change in interest rates and the value of the portfolio one year later, which is measured after the interest shock, the interest income to be additionally earned/to be deprived of during the one year period due to the renewal or repricing of the related portfolio at the interest rates formed after the interest shock.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current market prices, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities having variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, ceteris paribus, the possible changes that may occur in the Bank’s profit and shareholders’ equity in case of 100 basis point increase/decrease in TL and FC interest rates on the reporting day are given below:

% Change in the Interest Rate (*)		Effect On Profit/Loss		Effect on Equity (**)	
TL	FC (***)	Current Period	Prior Period	Current Period	Prior Period
100 bps increase	100 bps increase	987,676	674,620	(1,809,125)	(1,124,477)
100 bps decrease	100 bps decrease	(1,762,490)	(1,226,541)	1,993,226	1,247,244

(*) Changes in interest rates is calculated assuming that the expectations reflected in inflation. The effects on the profit/loss and shareholders’ equity are stated with their before tax values.

(**) The effect on the profit/loss is mainly arising from the fact that the average maturity of the Bank’s fixed rate liabilities is shorter than the average maturity of its fixed rate assets.

(***) The effect on the shareholders’ equity is arising from the change of the fair value of securities followed under Financial Assets Available for Sale.

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a. Interest rate sensitivity of assets, liabilities and off balance sheet items (Based on time remaining to repricing date):

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, Cheques Purchased) and Balances with the Central Bank of Turkey	14,620,305					167,302,916	181,923,221
Banks	3,736,353	208,939				20,184,009	24,129,301
Financial Assets at Fair Value through Profit/Loss (*)	8,199,318	9,326,626	7,138,279	5,623,571	3,530	2,205,050	32,496,374
Money Market Placements							
Financial Assets at Fair Value Through Other Comprehensive Income	19,965,684	16,404,869	13,928,740	19,161,533	17,516,956	577,294	87,555,076
Loans	96,042,600	44,023,134	144,511,067	181,377,115	48,139,857	114,977	514,208,750
Financial Assets Measured at Amortised Cost	8,277,298	12,224,444	15,562,809	8,408,689	1,939,494		46,412,734
Other Assets (**)	2,883,389					36,960,179	39,843,568
Total Assets	153,724,947	82,188,012	181,140,895	214,570,908	67,599,837	227,344,425	926,569,024
Liabilities							
Banks Deposits	1,599,410	1,084,200	1,261			1,062,316	3,747,187
Other Deposits	254,580,741	33,534,194	18,275,640	1,244,478		284,246,136	591,881,189
Money Market Funds	42,595,997	2,299,805	3,339,693				48,235,495
Miscellaneous Payables	1,584,249					22,947,587	24,531,836
Marketable Securities Issued (***)	1,249,305	4,923,360	22,221,079	22,368,163	17,344,902		68,106,809
Funds Provided from Other Financial Institutions	3,628,174	37,755,079	22,277,040	1,684,916	306,217		65,651,426
Other Liabilities (****)	3,998,152	3,949,203	3,646,271	1,453,969	1,286,172	110,081,315	124,415,082
Total Liabilities	309,236,028	83,545,841	69,760,984	26,751,526	18,937,291	418,337,354	926,569,024
Balance Sheet Long Position			111,379,911	187,819,382	48,662,546		347,861,839
Balance Sheet Short Position	(155,511,081)	(1,357,829)				(190,992,929)	(347,861,839)
Off Balance Sheet Long Position	6,817,975	17,021,725					23,839,700
Off Balance Sheet Short Position			(2,289,875)	(12,871,498)	(6,587,375)		(21,748,748)
Total Position	(148,693,106)	15,663,896	109,090,036	174,947,884	42,075,171	(190,992,929)	2,090,952

(*) The balance includes derivative financial assets

(**) The expected loss provisions are shown in Non-Interest column.

(***) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

(****) Equity is included in “non-interest bearing” column.



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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assests							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	3,076,982					67,829,379	70,906,361
Banks	4,522,726	136,518	45,738			8,827,076	16,049,561
Financial Assets at Fair Value through Profit/Loss (*)	1,381,494	1,290,113	4,005,775	997,989	7,470	1,558,650	9,241,491
Money Market Placements							
Financial Assets at Fair Value Through Other Comprehensive Income	18,325,551	8,933,436	12,984,006	11,561,103	13,291,720	435,130	65,530,946
Loans	71,342,009	32,663,401	96,030,000	133,492,165	31,861,030	132,997	365,521,602
Financial Assets Measured at Amortised Cost	8,288,856	7,600,549	16,871,549	7,319,256	1,579,227		41,659,437
Other Assets (**)	5,071,030					22,439,507	24,993,034
Total Assets	112,008,648	50,624,017	129,937,068	153,370,513	46,739,447	101,222,739	593,902,432
Liabilities							
Banks Deposits	2,584,686	409,869	768			1,080,222	4,075,545
Other Deposits	160,014,577	37,603,795	13,737,662	526,688		152,918,224	364,800,946
Money Market Funds	22,996,534	3					22,996,537
Miscellaneous Payables	425,062					14,527,257	14,952,319
Marketable Securities Issued (***)	1,080,972	5,104,639	12,275,296	24,729,251	9,789,049		52,979,207
Funds Provided from Other Financial Institutions	1,059,824	23,448,656	13,126,348	2,303,162	493,355		40,431,345
Other Liabilities (****)	2,586,492	2,756,982	1,755,976	1,154,150	1,090,336	84,322,597	93,666,533
Total Liabilities	190,748,147	69,323,944	40,896,050	28,713,251	11,372,740	252,848,300	593,902,432
Balance Sheet Long Position			89,041,018	124,657,262	35,366,707		249,064,987
Balance Sheet Short Position	(78,739,499)	(18,699,927)				(151,625,561)	(249,064,987)
Off Balance Sheet Long Position	3,665,121	9,971,763	649,650				14,286,534
Off Balance Sheet Short Position				(5,576,573)	(8,123,500)		(13,700,073)
Total Position	(75,074,378)	(8,728,164)	89,690,668	119,080,689	27,243,207	(151,625,561)	586,461

(*) The balance includes derivative financial assets
(**) The expected loss provisions are shown in Non-Interest column.
(***) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.
(****) Equity is included in "non-interest bearing" column.

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b. Average interest rates applied to monetary financial instruments:

Current Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				8.50
Banks	0.15	0.20		11.39
Financial Assets at Fair Value through Profit/Loss	1.92	2.59		14.41
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	3.29	4.82		22.06
Loans	4.42	5.26		18.15
Financial Assets Measured at Amortised Cost	2.92	3.37		18.84
Liabilities				
Banks Deposits	0.11	0.38		15.50
Other Deposits	0.03	0.13		11.57
Money Market Funds		1.49		13.98
Miscellaneous Payables				
Debt Securities Issued (*)		6.50		18.22
Funds Provided from Other Financial Institutions	1.86	2.44		13.75

(*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

Prior Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				12.00
Banks	0.33	0.13		15.27
Financial Assets at Fair Value through Profit/Loss	2.09	2.12		13.90
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	2.18	4.66		14.66
Loans	4.74	5.83		14.17
Financial Assets Measured at Amortised Cost	1.80	3.88		12.81
Liabilities				
Banks Deposits	0.11	1.01		16.50
Other Deposits	0.05	0.15		10.65
Money Market Funds		1.75		16.93
Miscellaneous Payables				
Debt Securities Issued (*)		6.22		13.81
Funds Provided from Other Financial Institutions	1.86	2.58		11.02

(*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.



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V. Explanations on Equity Shares Risk Arising from Banking Book

- a. Accounting policies related to equity investments in associates and subsidiaries can be seen in the Section Three Note III.2.
- b. Balance Sheet Value of Equity Investment, fair value, and for publicly traded, if the market value is different from the fair value comparison to the market price:

Investments in Shares	Comparison		
	Book Value	Fair Value	Market Value (*)
Quoted			
Investments in Shares Group A			
Subsidiaries			
Financial Subsidiaries	10,063,540		22,482,626
Non-Financial Subsidiaries	20,110,336		41,580,067
Non-Quoted			
Subsidiaries			
Financial Subsidiaries	280,196		
Non-Financial Subsidiaries	30,885		
Associates			
Financial Associates	7,549,517		
Non-Financial Associates	1,426,871		

(*) Represents the sum of the market values of the related companies.

- c. Information on revaluation surpluses and unrealized gains/losses on equity securities and results included in Common Equity and Tier II Capital

Portfolio	Realized Gains/ losses During the period	Revaluation Increases		Unrealized Gains and Losses		
		Total	Including into Tier I Capital (*)	Total	Including into Common Equity	Including into Tier II Capital
Private Equity Investments						
Shares Traded on a Stock Exchange		25,681,724	25,681,724			
Other Stocks		6,362,179	6,362,179			
Total		32,043,903	32,043,903			

(*) Represents the amounts reflected to equity according to the equity method.

- d. Capital requirement as per equity shares:

Portfolio	Carrying Value	Total RWA	Minimum Capital Requirement
Private Equity Investments			
Share Traded on a Stock Exchange	30,173,876	30,173,876	2,413,910
Other Stocks	9,287,469	8,221,084	657,687
Total	39,461,345	38,394,960	3,071,597

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

Liquidity risk may occur as a result of funding long-term assets with short-term liabilities; The Bank's liquidity is managed by the Asset-Liability Management Committee in accordance with the business strategies, legal requirements, current market conditions and expectations regarding the economic and financial conjuncture.

The Bank's principal source of funding is deposits. Although the average maturity of deposits is shorter than that assets as a result of the market conditions, the Bank's wide network of branches and stable core deposit base are its most important safeguards of funding. Additionally, the Bank borrows medium and long-term funds from institutions abroad. Concentration limits are generally used in deposit and non-deposit borrowings in order to prevent adverse effects of concentrations in the liquidity risk profile of the Bank.

In order to meet the liquidity requirements that may arise from market fluctuations, considerable attention is paid to the need to preserve liquidity and efforts in this respect are supported by projections of Turkish Lira and Foreign Currency (FC) cash flows. The term structure of TL and FC deposits, their costs and amounts are monitored on a daily basis. During these studies historical events and future expectations are taken into account as well. Based upon cash flow projections, prices are differentiated for different maturities and measures are taken accordingly to meet liquidity requirements. Moreover, potential alternative sources of liquidity are determined to be used in case of extraordinary circumstances.

The liquidity risk exposure of the Bank has to be within the risk capacity limits which are prescribed by the legislation and the Bank's risk appetite defined in its business strategy. It is essential for the Bank to have an adequate level of unencumbered liquid asset stock which can be sold or pledged, in case a large amount of reduction in liquidity sources occurs. The level of liquid asset buffer is determined in accordance with the liquidity risk tolerance which is set by the Board of Directors. Asset-Liability Management Committee is responsible for monitoring the liquidity position, determining appropriate sources of funds and deciding the maturity structure in accordance with the limits which are set by the Board of Directors.

The Treasury Division is responsible for monitoring the liquidity risk, in accordance with the Asset and Liability Management Risk Policy limits, objectives set out in the business plan and the decisions taken at the meetings of Asset-Liability Management Committee. The Treasury Division is also responsible for making liquidity projections and taking necessary precautions to reduce liquidity risk, by using the results of stress testing and scenario analysis. Within this scope, Treasury Division is monitoring the Turkish Lira (TL) and foreign currency (FC) liquidity position instantly and prospectively based on the information provided from the branches, business units and IT infrastructure of the Bank. The assessment of long-term borrowing opportunities is carried out regularly in order to balance the cash inflows and outflows and to mitigate the liquidity risk. The Bank creates liquidity through repurchase agreements and secured borrowings based on the high quality liquid asset portfolio, through securitization and other structured finance products which are created from the asset pools like credit card receivables and retail loans.

The Bank applies liquidity stress tests to measure liquidity risk. In this approach, in liquidity stress scenarios in which parameters are determined by the Board of Directors, the ability of the Bank's liquid assets' in covering cash outflows within a one-month horizon has been described. Liquidity adequacy limits for TL and FC are determined by Board of Directors, based on the liquidity requirements and risk tolerance of the Bank. The liquidity risk is measured by the Risk Management Division and results are reported to the related executive functions, senior management and Board of Directors. The reflections of conveniences provided for loan customers on repayments due to the COVID-19 outbreak and pressure in financial markets on the Bank's liquidity adequacy are analyzed under various scenarios.

It is essential for the Bank to monitor the liquidity position and funding strategy continuously. In case of a liquidity crisis that may arise from unfavorable market conditions, extraordinary macroeconomic situations and other reasons which are beyond the control of the Bank, "Emergency Action and Funding Plan" is expected to be commissioned. In that case, related committees have to report the precautions taken and their results to the Board of Directors through Audit Committee.

The Bank's Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio averages for the last three months, the highest value and the lowest value occurred in this period are given below.

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
The lowest value	156.10	424.93	156.34	278.05
Applicable week	29.10.2021	05.11.2021	23.10.2020	16.10.2020
The highest value	221.43	563.53	175.72	509.90
Applicable week	17.12.2021	31.12.2021	01.01.2021	11.12.2020



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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			186,865,178	132,130,558
Cash Outflows				
Retail and Small Business Customers, of which;	378,422,583	251,550,732	35,109,104	25,155,073
Stable deposits	54,663,092		2,733,155	
Less stable deposits	323,759,491	251,550,732	32,375,949	25,155,073
Unsecured wholesale funding, of which;	156,530,467	99,600,447	78,040,627	49,738,926
Operational deposits	1,298,868	16,358	324,717	4,089
Non-operational deposits	124,839,220	87,623,801	55,995,721	37,964,858
Other unsecured funding	30,392,379	11,960,288	21,720,189	11,769,979
Secured funding				
Other cash outflows, of which;	6,925,853	9,574,477	6,925,853	9,574,477
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3,012,776	5,661,400	3,012,776	5,661,400
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	3,913,077	3,913,077	3,913,077	3,913,077
Other revocable off-balance sheet commitments and contractual obligations	9,471,060	7,896,326	473,553	394,816
Other irrevocable or conditionally revocable off-balance sheet obligations	276,500,278	147,811,844	29,290,876	17,217,122
TOTAL CASH OUTFLOWS			149,840,013	102,080,414
CASH INFLOWS				
Secured lending				
Unsecured lending	50,870,034	33,497,689	40,653,842	30,367,269
Other cash inflows	5,579,482	58,582,613	5,579,482	58,582,613
TOTAL CASH INFLOWS	56,449,516	92,080,302	46,233,324	88,949,882
			Upper Limit Applied Value	
TOTAL HQLA STOCK			186,865,178	132,130,558
TOTAL NET CASH OUTFLOWS			103,606,689	26,084,775
LIQUIDITY COVERAGE RATIO (%)			179.94	506.44

(*) The simple arithmetic average calculated for the last three months of the weekly simple arithmetic average.

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Prior Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			130,597,014	79,075,224
Cash Outflows				
Retail and Small Business Customers, of which;	277,386,679	181,076,534	25,425,186	18,107,653
Stable deposits	46,269,638		2,313,482	
Less stable deposits	231,117,041	181,076,534	23,111,704	18,107,653
Unsecured funding, of which;	105,988,053	60,698,942	51,951,497	29,970,499
Operational deposits	1,349,088	67,444	337,272	16,861
Non-operational deposits	86,784,021	54,115,267	39,686,643	23,622,939
Other unsecured funding	17,854,944	6,516,231	11,927,582	6,330,699
Secured funding			5,506	5,506
Other cash outflows, of which;	5,539,673	8,108,203	5,539,673	8,108,203
Derivatives cash outflow and liquidity needs related to market valuation changes on derivative or other transactions	1,794,273	4,362,803	1,794,273	4,362,803
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	3,745,400	3,745,400	3,745,400	3,745,400
Other revocable off-balance sheet commitments and contractual obligations	7,028,663	6,284,510	351,433	314,226
Other irrevocable or conditionally revocable off-balance sheet obligations	196,973,518	92,425,535	21,527,379	11,455,358
Total Cash Outflows			104,800,674	67,961,445
Cash Inflows				
Secured lending	1,484			
Unsecured lending	33,794,601	21,391,709	25,760,071	18,943,694
Other cash inflows	1,596,986	44,734,361	1,596,986	44,734,361
Total Cash Inflows	35,393,071	66,126,070	27,357,057	63,678,055
			Upper Limit Applied Value	
Total Hqla Stock			130,597,014	79,075,224
Total Net Cash Outflows			77,443,617	18,754,820
Liquidity Coverage Ratio (%)			169.04	435.80

(*) The simple arithmetic average calculated for the last three months of the weekly simple arithmetic average.

Compared to prior period, a decrease in the total liquidity coverage ratio and a slight increase in the foreign currency liquidity coverage ratio has been observed for the fourth quarter of 2021. The foreign currency liquidity coverage ratio fell due to an increase in net cash outflows, while the total liquidity coverage ratio increased due to an increase in the stock of high-quality liquid assets. Total and Foreign Currency liquidity coverage ratios are continuing to hover far above the minimum level (respectively 100% and 80%) pursuant to legal legislations.

The Liquidity Coverage Ratio which has been introduced to ensure banks to preserve sufficient stock of high quality assets to meet their net cash outflows that may occur in the short term is calculated as per the Communiqué on “Measurement and Assessment of the Liquidity Coverage Ratio of Banks” published by BRSA. The ratio is directly affected by the level of unencumbered high quality assets which can be liquidated at any time and net cash inflows and outflows arising from the Bank’s assets, liabilities and off-balance sheet transactions.

The Bank’s high quality liquid asset stock primarily consists of cash, the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury. The Bank’s principal source of funding is deposits. In terms of non-deposit borrowing, funds received from repurchase agreements, marketable securities issued, and funds borrowed from financial institutions are among the most significant funding sources of the Bank.

In order to manage liquidity effectively, concentration of liquidity sources and usages should be avoided. Due to the strong and stable core deposit base of the Bank, deposits are received from a diversified customer portfolio. In addition, in order to provide diversification in liquidity sources and usages, liquidity concentration limits are used effectively. Total amount of funds borrowed from a single counterparty or a risk group is closely and instantaneously monitored, taking liquidity concentration limits into account. In addition to these, the cumulative liquidity deficits that the Bank is exposed to in various maturity tranches are periodically monitored and reported to the senior management.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

Liquidity risk of the Bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with the group strategies. For the purposes of effectiveness and sustainability of liquidity management, funding sources of group companies and funding diversification opportunities in terms of markets, instruments and tenor are evaluated and liquidity position of the group companies are monitored continuously by the Bank.



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Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	96,225,661	85,697,560						181,923,221
Banks	22,341,126	1,579,236	208,939					24,129,301
Financial Assets at Fair Value through Profit/Loss (**)	2,201,562	8,196,887	9,277,458	7,110,583	5,703,099	6,785		32,496,374
Money Market Placements								
Financial Assets at Fair Value Through Other Comprehensive Income	577,294	948,712	5,126,339	5,025,034	46,197,045	29,680,652		87,555,076
Loans (***)	21,726,820	49,205,281	49,537,602	144,667,746	182,605,659	45,635,083	20,830,559	514,208,750
Financial Assets Measured at Amortised Cost		1,457,319	1,392,098	4,453,101	27,536,507	11,573,709		46,412,734
Other Assets		6,150,670	102,251		1,159,356		32,431,291	39,843,568
Total Assets	143,072,463	153,235,665	65,644,687	161,256,464	263,201,666	86,896,229	53,261,850	926,569,024
Liabilities								
Bank Deposits	1,062,316	1,599,410	1,084,200	1,261				3,747,187
Other Deposits	284,246,136	254,580,400	33,533,081	18,271,625	1,249,947			591,881,189
Funds Provided from Other Financial Institutions		1,651,668	8,308,327	35,759,011	18,565,099	1,367,321		65,651,426
Money Market Funds		42,595,997	2,299,805	3,339,693				48,235,495
Marketable Securities Issued (****)		1,249,305	2,626,916	22,221,079	22,368,163	19,641,346		68,106,809
Miscellaneous Payables		24,167,058	288,196	286	76,296			24,531,836
Other Liabilities		9,209,310	5,395,168	3,904,172	1,870,447	406,135	103,629,850	124,415,082
Total Liabilities	285,308,452	335,053,148	53,535,693	83,497,127	44,129,952	21,414,802	103,629,850	926,569,024
Liquidity Gap	(142,235,989)	(181,817,483)	12,108,994	77,759,337	219,071,714	65,481,427	(50,368,000)	
Net Off Balance Sheet Position		3,200,930	2,669,768	(75,036)	1,505,529	446,812		7,748,003
Derivative Financial Assets		133,805,197	54,101,623	37,634,533	45,771,066	61,283,833		332,596,252
Derivative Financial Liabilities		130,604,267	51,431,855	37,709,569	44,265,537	60,837,021		324,848,249
Non-cash Loans	116,766,721	2,615,908	9,773,054	44,500,563	14,566,743	5,212,434		193,435,423
Prior Period								
Total Assets	57,715,009	95,196,846	40,303,774	114,198,380	182,017,491	64,872,902	39,598,030	593,902,432
Total Liabilities	153,998,446	207,552,170	48,350,387	48,184,016	42,899,254	13,939,492	78,978,667	593,902,432
Liquidity Gap	(96,283,437)	(112,355,324)	(8,046,613)	66,014,364	139,118,237	50,933,410	(39,380,637)	
Net Off Balance Sheet Position		(1,843,165)	(3,082,458)	(232,208)	653,246			(4,504,585)
Derivative Financial Assets		60,975,648	44,234,852	23,095,200	26,504,775	44,842,885		199,653,360
Derivative Financial Liabilities		62,818,813	47,317,310	23,327,408	25,851,529	44,842,885		204,157,945
Non-cash Loans	67,592,573	2,568,566	5,824,087	23,768,593	15,584,033	4,237,362		119,575,214

(*) Asset items, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which cannot be converted into cash in short-term, other liabilities such as Provisions which are not considered as payables and Shareholders' Equity, are shown in the "Unallocated" column.

(**) Includes Derivative financial assets.

(***) Non performing loans are included in "Unallocated" column.

(****) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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In compliance with the "IFRS 7", the following table indicates the maturities of the Bank's major financial assets and liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of collections and payments without discounting the liabilities. The interest to be collected from and paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The values of the related liabilities registered in balance sheet do not include these amounts.

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	285,308,452	256,676,019	35,076,238	18,499,054	1,293,714		596,853,477	1,225,101	595,628,376
Funds Provided from Other Financial Institutions		1,659,611	8,456,296	36,706,015	19,613,123	1,416,626	67,851,671	2,200,245	65,651,426
Money Market Funds		42,654,340	2,304,287	3,370,651			48,329,278	93,783	48,235,495
Marketable Securities Issued (*)		1,635,592	2,834,652	25,742,077	31,141,372	23,533,539	84,887,232	16,780,423	68,106,809
Leasing Liabilities		47,228	105,530	333,691	1,301,918	2,043,284	3,831,651	2,131,212	1,700,439

(*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

Prior 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	153,998,446	163,018,733	38,316,955	13,925,240	555,303		369,814,677	938,186	368,876,491
Funds Provided from Other Financial Institutions		475,361	3,724,126	20,846,201	15,834,477	1,565,678	42,445,843	2,014,498	40,431,345
Money Market Funds		23,044,216	3				23,044,219	47,682	22,996,537
Marketable Securities Issued (*)		1,298,508	1,925,408	15,144,504	32,577,652	15,571,435	66,517,507	13,538,300	52,979,207
Leasing Liabilities		36,530	76,918	262,719	1,053,002	1,914,942	3,344,111	1,954,894	1,389,217

(*)Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

The following table shows the remaining maturities of non-cash loans of the Bank.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	39,975,559	299,733	853,893	1,753,195	12,823		42,895,203
Letters of Guarantee	75,331,583	1,272,415	6,663,085	32,272,226	12,915,460	3,042,724	131,497,493
Acceptances	583,828	1,028,920	2,256,076	10,359,840	553,187		14,781,851
Other	875,751	14,840		115,302	1,085,273	2,169,710	4,260,876
Total	116,766,721	2,615,908	9,773,054	44,500,563	14,566,743	5,212,434	193,435,423

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	14,423,731	980,613	941,460	3,190,944	533		19,537,281
Letters of Guarantee	52,527,771	1,261,618	4,065,504	16,134,892	10,858,891	2,584,214	87,432,890
Acceptances	66,504	326,335	817,123	4,348,430	3,901,311		9,459,703
Other	574,567			94,327	823,298	1,653,148	3,145,340
Total	67,592,573	2,568,566	5,824,087	23,768,593	15,584,033	4,237,362	119,575,214



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The following table shows the remaining maturities of derivative financial assets and liabilities of the Bank.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts-Buy	4,585,527	6,561,281	14,439,205	4,570,684		30,156,697
Forwards Contracts-Sell	4,427,855	6,546,390	14,527,936	4,557,212		30,059,393
Swaps Contracts-Buy	107,655,756	40,811,617	17,078,760	40,956,563	58,258,759	264,761,455
Swaps Contracts-Sell	121,096,795	41,894,966	17,111,486	39,464,506	57,811,947	277,379,700
Futures Transactions-Buy		96,253	591,730			687,983
Futures Transactions-Sell		86,971	595,436			682,407
Options-Call	5,079,666	2,944,784	4,012,940		3,025,074	15,062,464
Options-Put	4,945,190	2,842,085	3,962,813		3,025,074	14,775,162
Other	16,618,675	3,749,131	3,023,796	487,638		23,879,240
Total	264,409,464	105,533,478	75,344,102	90,036,603	122,120,854	657,444,501

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	2,597,630	3,671,735	8,622,850	2,482,254		17,374,469
Forwards Contracts- Sell	2,567,063	3,615,646	8,451,373	2,475,647		17,109,729
Swaps Contracts-Buy	46,285,705	32,186,709	11,231,842	23,275,336	43,002,073	155,981,665
Swaps Contracts-Sell	57,206,194	42,385,680	11,539,355	22,628,697	43,002,073	176,761,999
Futures Transactions-Buy	272,674	720,385	956,603			1,949,662
Futures Transactions-Sell	297,024	765,850	1,056,468			2,119,342
Options-Call	2,691,230	495,343	2,033,885	747,185	1,840,812	7,808,455
Options-Put	2,654,710	492,814	2,030,192	747,185	1,840,812	7,765,713
Other	9,222,231	7,218,000	500,040			16,940,271
Total	123,794,461	91,552,162	46,422,608	52,356,304	89,685,770	403,811,305

VII. Explanations on Leverage Ratio

a. Explanations on Differences Between Current and Prior Years' Leverage Ratios

The Bank's unconsolidated leverage ratio is calculated in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level". The Bank's consolidated Leverage ratio is 6.75% (December 31, 2020: 7.88%). According to Regulation the minimum leverage ratio is 3%. The changes in the leverage ratio are mostly due to the increase in total risk amounts.

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b. Explanations on leverage ratio:

	Current Period (*)	Prior Period (*)
On-Balance sheet items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	843,622,223	607,154,346
Assets amounts deducted from Tier 1 capital	(1,492,485)	(1,185,021)
Total on balance sheet exposures	842,129,738	605,969,325
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	21,043,586	8,811,454
The potential amount of credit risk with derivative financial instruments and credit derivatives	3,570,324	2,608,300
The total amount of risk on derivative financial instruments and credit derivatives	24,613,910	11,419,754
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	4,020,316	4,969,503
Risk amount of exchange brokerage operations		
Total risks related with securities or commodity financing transactions	4,020,316	4,969,503
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	317,341,135	215,539,119
Adjustments for conversion to credit equivalent amounts	(9,508,394)	(6,838,414)
The total risk of off-balance sheet items	307,832,741	208,700,705
Capital and Total Exposures		
Tier 1 Capital	79,582,511	65,479,340
Total Exposures	1,178,596,705	831,059,287
Leverage Ratio		
Leverage Ratio	6.75	7.88

(*) Three-month average of the amounts in Leverage Ratio table.

VIII. Explanations on Other Price Risks

The Bank is exposed to stock price risk due to its investments in companies being traded on the Borsa İstanbul A.Ş. (BIST).

The Bank's sensitivity to stock price risk at the reporting date was measured with an analysis. In the analysis, with the assumption of all other variables were held constant and the data (stock prices) used in the valuation method are 10% higher or lower. According to this assumption, in shares traded in Borsa Istanbul and followed under Financial Assets at Fair Value through Profit or Loss account, expected to have an effect amounting to TL 20,710 increase/decrease.

IX. Explanations on Presentation of Assets and Liabilities at Fair Value

1. Information on fair values of financial assets and liabilities

	Book Value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Money Market Placements				
Banks	24,129,301	16,049,561	24,129,488	16,048,801
Financial Assets at Fair Value through Other Comprehensive Income	87,555,076	65,530,946	87,555,076	65,530,946
Investments Financial Assets Measured Amortized Cost	46,412,734	41,659,437	47,220,154	41,641,633
Loans	493,378,191	345,150,130	473,839,057	328,268,442
Financial Liabilities				
Banks Deposits	3,747,187	4,075,545	3,720,360	4,068,196
Other Deposits	591,881,189	364,800,946	591,066,944	363,992,492
Funds Provided from Other Financial Institutions	65,651,426	40,431,345	64,104,888	39,928,073
Marketable Securities Issued (*)	68,106,809	52,979,207	65,538,148	53,708,214
Miscellaneous Payables	24,531,836	14,952,319	24,531,836	14,952,319

(*) Includes subordinated bonds which are classified on the balance sheet as subordinated loans.



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Strike prices, quotations, market prices determined by the CBRT and published in the Official Gazette and the values calculated by using alternative models, are taken as the basis in the fair value determination of Financial Assets at fair value through other comprehensive income.

When the prices of the financial assets measured at amortized cost cannot be measured in an active market, fair values are not deemed to be reliably determined and amortized cost, calculated by the internal rate of return method, are taken into account as the fair values.

Fair values of banks, loans granted, deposits and funds borrowed from other financial institutions and marketable securities are calculated by discounting the amounts in each maturity bracket formed according to repricing periods, using the rate corresponding to relevant maturity bracket in the discount curves based on current market conditions.

2. Information on fair value measurements recognized in the financial statements

“IFRS 13 - Fair Value Measurement” standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles of ranking.

Current Period	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	477,614	6,006,316	
Equity Securities	207,096	458,185	
Derivative Financial Assets at Fair Value through Profit and Loss		21,924,166	
Other		1,536,281	1,886,716
Financial Assets at Fair Value Ththrough Profit or Loss (*)			
Debt Securities	45,397,989	41,329,574	250,219
Equity Securities		518,082	
Other		24,966	
Derivative Financial Liabilities		12,586,533	

(*) Since they are not traded in an active market, the equity securities TL 34,246 under the financial assets at fair value through other comprehensive income are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

Prior Period	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	167,674	566,315	5,852
Equity Securities	147,257	261,922	
Derivative Financial Assets Held for Trading		5,060,117	
Other		1,145,638	1,886,716
Financial Assets Available-for-Sale (*)			
Debt Securities	42,667,184	22,077,803	350,829
Equity Securities		320,025	
Other		89,168	
Derivative Financial Liabilities		7,934,485	

(*) Since they are not traded in an active market, the equity securities TL 25,937 under the financial assets available-for-sale are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

The movement table of financial assets at level 3 is given below:

	Current Period	Prior Period
Balance at the Beginning of the Period	2,243,397	2,249,059
Purchases		
Redemption or Sales	(5,852)	(5,662)
Valuation Difference		
Transfers	(100,610)	
Balance at the end of the Period	2,136,935	(2,243,397)

Real estates which are presented in the financial statements at fair value are classified at level 3.

The loans measured at fair value through profit and loss under Level 3 consists of loan granted to the special purpose entity which is disclosed in the Section V footnote I-f.2 and footnote I.r. The mentioned loan’s fair value is determined by the various valuation methods. The potential changes in the fundamental estimations and assumptions in the valuation work may affect the carrying fair value of the loan.

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X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions

The Bank gives trading and custody services in the name and on the account of its customers. The Bank has no fiduciary transactions.

XI. Explanations on Risk Management Objectives and Policies

Explanations according to “Communiqué on Public Disclosures about Risk Management” published on the Official Gazette No.29511 dated October 23, 2015 are included below. The Bank uses the standardised approach for calculation of capital charge for credit risk, therefore explanations about internal ratings-based approach are not included.

The reflections of developments related to the COVID-19 outbreak on the Bank’s risk profile and risk appetite framework are closely monitored. The levels at which the capital adequacy ratio of the Bank will reach are estimated and monitored with stress tests. In addition, reverse stress tests are regularly carried out by the Bank considering the increase in deteriorated loan portfolio and exchange rate shocks which might cause the capital adequacy to fall within the legal limits.

a. General Information on Risk Management Approach and Risk Weighted Amounts

a.1. The Bank’s risk management approach

Bank is exposed to financial and non-financial risks which are required to be analyzed, monitored and reported within specific risk management principles of the Bank and with the perspective of risk management. The risk management process is organized within the framework of risk management and serves the creation of a common risk culture in corporate level; which brings “corporate governance” to forefront, the independence of the internal audit and monitoring units from the business units that undertake risks is established risk is defined in accordance with international regulations and in this context measurement, analysis, monitoring, reporting and control functions are carried.

Risk management process and the functions involved in the process is one of the primary responsibilities of the Board of Directors. The Risk Committee operates to prepare the Bank’s risk management strategies and policies, submit them to the Board of Directors for approval and monitor the implementations. Evaluating the capital adequacy and observing the active use of results in Bank’s planning and decision making processes, establishing and monitoring limits related to main risks, monitoring the activities of risk management (determining, defining, measuring, evaluating and managing risk) and monitoring results and methods in measuring risk are also under their authority and responsibility of the Committee. Committee reports activity results to the Board of Directors through Audit Committee.

The Operational Risk Committee is engaged in determining strategies and policies for the management of operational risks that the Bank may be exposed to, developing an operational risk management framework, and strengthening the governance model for operational risks. The Committee reports the results of its activities to the Board of Directors through the Audit Committee.

The Bank’s risk management process is carried out within the framework of risk policies which are issued by the Board of the Directors via Internal Systems Manager by taking the recommendations of the Risk Management Department into account and which include the written standards that are implemented by the business units. These policies which are entered into force in line with the international practices are general standards which contain organization and scope of the risk management function, risk measurement policies, duties and responsibilities of the risk management group, procedures for determining risk limits, ways to eliminate limit violations, compulsory approvals and confirmations to be given in a variety of events and situations.

In the aforementioned risk policies, the Bank’s risk appetite framework is defined as a set of approaches that determine the risk capacity, the risk appetite, the risk tolerance and that include the policies, procedures, controls and systems for reporting and monitoring of the limits set for the Bank’s risk profile and the indicators in the framework. The Bank’s risk appetite framework, which is formed in accordance with the above-mentioned factors and entered into force with the Board of Directors approval, includes indicators that are aligned with the business plan, the strategic programme, capital and remuneration planning and comparable on a business unit level to the extent possible. The compliance to the limits within the framework is periodically monitored and the realization of the risk appetite indicators are reported to the Risk Committee and the Boards on a monthly basis.

In order to build a strong corporate culture that has a risk management perspective, the Bank has policies, processes, systems and a control system that is integrated with the Bank’s risk management system to effectively control the bank’s risk management system is available. All employees of the Bank essentially perform their duties in a responsible manner that aims to develop controls to reduce or eliminate the probability of the Bank to incur losses related to the operational risks. In the process risk analysis studies, risks and the related controls are evaluated together with employees performing the relevant process in a holistic approach. Procedures to be followed in case of a risk threshold breach and risk definitions are given in the risk politics. Code of conducts, operation manuals, the sharing of duties between business units and risk units are announced to the Bank’s staff.

The risk reports that analyse the results reached by the Bank and the comprehensive risk assessment and comparison of these results with a risk management perspective are periodically submitted to the Risk Committee and to the Board through the Audit Committee. The content of the above mentioned reports could be summarised as follows:

- Capital adequacy ratio, the progression of the components of this ratio and the issues that affect the aforementioned ratio,
- Monitoring the compliance status of the limits set by the Board of Directors as a part of the risk appetite framework and based on the components of the main risk types,
- In addition to the assessment of the loan portfolio on the basis of counterparties and loan types, monitoring of the portfolio as a whole according to parameters such as maturity, sector, geography, risk ratings, arrears, defaults,
- Measuring the assets and liabilities management risk, and reporting of measurement results,
- Monitoring of all risks assessed in the context of operational risk within the scope of non-financial risks, including operational risk, loss events that occurred in the Bank and risk indicators,
- Testing the measurement results in terms of completeness and reliability,
- Analysing the level of risk indicators under various stress scenarios,
- Examining various concentration indicators and the course followed by these indicators



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As per the communique on “Bank’s Internal Systems and Internal Capital Adequacy and Assessment Process” and “Guidelines for Stress Testing of Banks to Use in Capital and Liquidity Planning”, stress tests are conducted for the entire risks that the Bank is exposed to and on the basis of significant risk categories. As a part of the holistic stress tests, risk appetite, capital planning, strategic plan and budget, action plans for emergencies and unexpected situations related to miscellaneous risks and other issues considered as significant are taken into consideration. In the holistic and individual stress test processes carried out by the Bank, the most advanced approaches used in risk measurement in the Bank are used as much as possible, together with the methods that are the basis of legal reporting (standard approaches for credit and market risk, basic indicator approach for operational risk).

In the stress tests, both the first pillar risks (credit risk, market risk, operational risk) in scope of the regulatory framework and all the other risks that the Bank is exposed to independent of the regulatory framework are taken into account in a holistic perspective. In determining the course of capital adequacy under various scenarios during the planning horizon, the actions that the Bank will take in case of stress conditions and the impact of the diversified growth strategies of business units on the capital adequacy and the balance sheet are considered.

The reflections of developments related to the COVID-19 outbreak on the Bank’s risk profile and risk appetite framework are closely monitored. The negative effects of the COVID- 19 outbreak are also taken into account in the calculation of expected credit loss. The levels at which the capital adequacy ratio of the Bank will reach are estimated and monitored with stress tests. In addition, reverse stress tests are carried out regularly, by determining the problematic loan growth rate and increase in exchange rates, which will cause the Bank’s capital adequacy to fall within the legal limits.

The scope and content of the Bank’s risk management system in terms of the main risk types are listed below. Bank’s risk mitigation strategies and processes for the assessment of their effectiveness are given in Fourth Section II No. “Explanations on Credit Risk” under the Section IV, XI-f.1 notes. No. “The Public Disclosure of Qualitative Information Related to the Market Risk” mentioned in the section.

Credit risk

Credit risk is defined as the risk of the failure to comply with the requirements or failing to fulfill its obligations partially or totally of the counter side of the transaction contract with the Bank. The methodology and responsibilities of the credit risk management, controlling and monitoring and the framework of credit risk limitations specified with the credit risk policy.

The Bank defines measures and manages credit risk of the all products and activities. Board of Directors review the Bank’s credit risk policies and credit risk strategy on an annual basis as a minimum. Top Management is responsible for the implementation of credit risk policies which are approved by Board of Directors.

As a result of loans and credit risks analysis all findings are reported to Board of Directors and Top Management on a regular basis. In addition to transaction and company-based credit risk assessment process, monitoring of credit risk also refers to an approach with monitoring and managing the credit as a whole maturity, sector, security, geography, currency, credit type and credit rating.

In the Bank’s credit risk management, along the limits as required by legal regulations, the Bank utilizes the risk limits to undertake the maximum credit risk within risk groups or sectors that the Board of Directors determines. These limits are determined such a way that prevents risk concentration on particular sectors. In case of exceeding the limits, the excess and its reasons are immediately reported to the Risk Committee and Board of Directors. The actions to be taken to remedy the excess and the time to eliminate the excess are concluded under the authority of the Board of Directors. The results of the controls regarding the excess of the risk limits and the evaluations of these limits are presented by Internal Audit and Risk Management Group to Top Management and Board of Directors.

The Bank uses credit decision support systems which are created for the purpose of credit risk management, lending decisions, controlling the credit process and credit provisioning. The consistency of the credit decision support systems with the structure of the Bank’s activities, size and complexity is examined continuously by internal systems. Credit decision support systems contain the Risk Committee assessment and approval of Board of Directors.

Asset and Liability Management Risk

Asset-liability management risk defined as the risk of Bank’s incurring loss due to managing all financial risks that are inflicted from the Bank’s assets, liabilities and off-balance sheet transactions, ineffectively. Trading book portfolio’s market risk, structural interest rate risk and liquidity risk of the banking portfolio; are considered within the scope of the asset liability management.

Complying the established risk limits and being at the limits that stipulated by the legislation are the primary priority of Asset-liability management risk. Risk limits are determined by the Board of Directors by taking into consideration of the Group’s liquidity, target income level and general expectations about changes in risk factors.

Board of Directors and the Audit Committee are responsible for following the Bank’s capital is used optimally; for this purpose, checking the status against risk limits and providing the necessary actions are taken.

Asset and Liability Management Committee is responsible for managing the Asset and Liability risk within the framework of operating principles that are involved in the risk appetite and risk limits are set by the Board of Directors in accordance with the policy statement.

Asset and liability management processes and compliance with the provisions of the policy are controlled and audited by the internal audit system. The execution of the audit, reporting the audit results, action plans for the elimination of errors and gaps identified as a result of inspections regarding the fulfillment of the principles, are determined by the Board of Directors.

Operational Risk

Operational risk is defined as “the possibility of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risk”. Studies consisted and are formed of occur by execution of identification, definition, measurement, analysis, monitoring of operational risk, providing and reporting the necessary control related to monitoring the progress of our country and the world, the development of techniques and methods, necessary legal reporting, notification and conduct of follow-up transactions. Studies on the subject are conducted by the Department of Risk Management.

Operational risks that arise due to the activities are defined in "Bank Risk Catalogue" and classified in respect of species. Bank Risk Catalogue is kind of the fundamental document that used for identification and classification of all at the risk that may be encountered. It is updated in line with the changes in the nature of the processes and activities.

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Qualitative and quantitative methods are used in a combination for measurement and evaluation of the operational risks. In this process, information use that obtained from "Impact-Probability Analysis", "Missing Event Data Analysis", "Risk Indicators", "Scenario Analysis", "Top-Down Risk Assessment", "Internal Model" methods. Methods prescribed by legal regulations are applied as minimum in determining the capital requirement level for the operating risk.

The Operational Risk Committee acts to determine the strategies and policies for the management of the operational risks that the Bank may be exposed to, to develop the operational risk management framework and to strengthen the governance model regarding operational risks. The Committee works in cooperation with the Risk Committee and reports its operating results to the Board of Directors through the Audit Committee.

All risks are assessed in the context of operational risk, loss events and the risk indicators same as operational risks that occurred in the Bank, are monitored on a regular basis by the Department of Risk Management and reported periodically to the Risk Committee, Operational Risk Committee and the Board of Directors.

Model Risk Management and Validation Operations

Model risk is the risk of financial losses and/or loss of reputation that the Bank may be exposed to due to errors and/or malfunctions that occur during the creation, implementation or use of models used in its activities. In order to address the model risk in a holistic manner, the model definition, model life cycle and triple line of defense structure and the duties and responsibilities of all functions of the Bank in this structure are defined in the model risk management policy.

Model risk management and validation activities in the second line of defense of the triple line of defense structure; creating the model inventory, determining and approving the model class, validating the models, preparing periodic reports on the Bank’s model risk and presenting those reports to the Risk Committee, Audit Committee and Board of Directors.

Risk measurement models are validated at least once a year according to international standards. Within the scope of validation, activities are carried out to test the performance and validity of models with statistical methods, to examine the quality of the data used in the model development phase and the conceptual soundness of the selected methods, and to evaluate the health of the processes created for the use of the models. The results of the validation activities are reported to the Risk Committee, Audit Committee and the Board of Directors.

a.2. Overview of risk weighted amounts:

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	504,344,844	400,826,453	40,347,588
Of which standardized approach (SA)	504,344,844	400,826,453	40,347,588
Of which internal rating-based (IRB) approach			
Counterparty credit risk	14,329,919	8,461,391	1,146,394
Of which standardised approach for counterparty credit risk (CCR)	14,329,919	8,461,391	1,146,394
Of which internal model method (IMM)			
Equity positions in banking book under basic risk weighting or internal rating-based approach			
Equity investments in funds – look-through approach	1,586,280	1,396,354	126,902
Equity investments in funds – mandate-based approach			
Equity investments in funds – 1250% weighted risk approach			
Settlement risk			
Securitization positions in banking accounts			
Of which IRB ratings-based approach (RBA)			
Of which IRB Supervisory formula approach (SFA)			
SA/simplified supervisory formula approach (SSFA)			
Market risk	10,104,488	8,532,063	808,359
Of which standardised approach (SA)	10,104,488	8,532,063	808,359
Of which internal model approaches (IMM)			
Operational Risk	40,291,061	32,655,169	3,223,285
Of which Basic Indicator Approach	40,291,061	32,655,169	3,223,285
Of which Standardised approach (SA)			
Of which Advanced measurement approach			
The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	700,490	605,435	56,039
Floor adjustment			
Total	571,357,082	452,476,866	45,708,567



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b. Linkages between Financial Statements and Risk Amounts

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

Current Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		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 CBRT	181,923,221	181,923,221				
Banks and Money Market Placements	24,129,301	24,129,301				
Financial Assets at Fair Value Through Profit/Loss	10,572,208	9,441,624			1,130,584	
Financial Assets at Fair Value Through Other Comprehensive Income	87,555,076	87,555,076			1,474,079	
Derivative Financial Assets at Fair Value Through Profit/Loss	21,924,166	21,924,166	21,924,166		9,381,439	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income						
Financial Assets at Amortised Cost-Credit	514,208,750	514,208,750				
Financial Assets at Amortised Cost-Other Financial Assets	46,412,734	46,412,734				
Financial Assets at Amortised Cost-Expected Loss Provisions (-)	28,323,252	28,323,252				
Assets Held for Sale and Discontinued Operations	827,633	827,633				
Investment in Associates, Subsidiaries and Joint-Ventures	39,461,345	39,461,345				
Tangible Assets	8,699,860	8,651,037				48,823
Intangible Assets	1,750,109	1,750,109				1,561,603
Investment Properties						
Current Tax Asset						
Deferred Tax Asset	2,557,610	2,557,610				
Other Assets	14,870,263	14,870,263				
Total Assets	926,569,024	925,389,617	21,924,166		11,986,102	1,610,426
Liabilities						
Deposits	595,628,376					
Funds Borrowed	65,651,426		5,111,969			
Money Market Funds	48,235,495		48,235,495			
Marketable Securities Issued	30,635,812					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	12,586,533				12,586,533	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income						
Leasing Transaction Liabilities	1,700,439					
Provisions	15,487,318					
Current Tax Liability	1,831,219					
Deferred Tax Liability						
Subordinated Debts	37,470,997					
Other Liabilities	30,502,118					
Shareholders' Equity	86,839,291					
Total Liabilities	926,569,024		53,347,464		12,586,533	

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Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		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 CBRT	70,906,361	70,906,361				
Banks and Money Market Placements	13,532,058	16,049,561				
Financial Assets at Fair Value Through Profit/Loss	4,181,374	3,294,280			887,094	
Financial Assets at Fair Value Through Other Comprehensive Income	65,530,946	65,530,946			684,680	
Derivative Financial Assets at Fair Value Through Profit/Loss	5,060,117	5,060,117	5,060,117		3,876,906	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income						
Financial Assets at Amortised Cost-Credit	365,521,602	365,521,602				
Financial Assets at Amortised Cost-Other Financial Assets	41,659,437	41,659,437				
Financial Assets at Amortised Cost-Expected Loss Provisions(-)	23,363,882	23,363,882				
Assets Held for Sale and Discontinued Operations	1,220,094	1,220,094				
Investment in Associates, Subsidiaries and Joint-Ventures	26,002,383	26,002,383				
Tangible Assets	6,610,279	6,561,621				48,658
Intangible Assets	1,330,841	1,330,841				1,207,338
Investment Properties						
Current Tax Asset						
Deferred Tax Asset	3,420,494	3,420,494				
Other Assets	12,290,328	12,290,328				
Total Assets	593,902,432	592,966,680	5,060,117		5,448,680	1,255,996
Liabilities						
Deposits	368,876,491					
Funds Borrowed	40,431,345		7,056,940			
Money Market Funds	22,996,537		22,996,537			
Marketable Securities Issued	30,840,648					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	7,934,485				7,934,485	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income						
Leasing Transaction Liabilities	1,389,217					
Provisions	10,224,590					
Current Tax Liability	2,420,107					
Deferred Tax Liability						
Subordinated Debts	22,138,559					
Other Liabilities	18,869,001					
Shareholders' Equity	67,781,452					
Total Liabilities	593,902,432		30,053,477		7,934,485	



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b.2. The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

	Current Period	Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk
1	Asset carrying value amount under scope of TAS	926,569,024	925,389,617		21,924,166	11,986,102
2	Liabilities carrying value amount under scope of TAS				(53,347,464)	12,586,533
3	Total net amount scope of financial statement	926,569,024	925,389,617		75,271,630	600,431
4	Off-balance sheet amounts	670,197,753	139,078,854		26,056,873	
5	Repo style transactions (*)				4,488,558	
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(134,964,810)			
10	Differences due to risk mitigation (**)		(65,293,708)			
11	Risk Amounts		864,209,953		30,545,431	600,431

(*) According to the 'Regulation on Measurement and Evaluation of Capital Adequacy of Banks', it is the counterparty credit risk amount calculated for repo style transactions.

(**) The source of the difference is collaterals of exposures to which credit risk mitigation is applied in the calculation of capital adequacy.

	Prior Period	Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk
1	Asset carrying value amount under scope of TAS	593,902,432	592,966,680		5,060,117	5,448,680
2	Liabilities carrying value amount under scope of TAS				(30,053,476)	7,934,485
3	Total net amount scope of financial statement	593,902,432	592,966,680		35,113,593	2,485,805
4	Off-balance sheet amounts	408,834,224	85,236,037		7,523,188	
5	Repo style transactions (*)				4,717,151	
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(21,923,476)			
10	Differences due to risk mitigation (**)		(5,657,406)			
11	Risk Amounts		650,621,835		12,240,339	2,485,805

(*) According to the 'Regulation on Measurement and Evaluation of Capital Adequacy of Banks', it is the counterparty credit risk amount calculated for repo style transactions.

(**) The source of the difference is collaterals of exposures to which credit risk mitigation is applied in the calculation of capital adequacy.

The Bank intends to use fair value measurement methods in accordance with IFRS 13 using valuation methodologies based primarily on observable data. In this context, market prices, quoted prices, prices set by CBRT and published in official gazette and internal pricing models are also utilized in the fair value measurement of the financial assets in the form of securities. Valuation models that use market data such as interest rates, efficiency curves, currency, and volatility curves are used as the basis for derivative transactions while third party valuation services are also available.

The accuracy of the market prices, data and / or model inputs used in valuation under the independent price validation process is regularly checked and the suitability of the results provided by the third-party pricing service is tested at regular intervals.

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c. Explanation on Credit Risk

c.1. General Information on Credit Risk

c.1.1. General qualitative information on credit risk

This information is included in footnotes under Section Four, Note II "Explanations on Credit Risk;" and Section Four, Note XI-a.1.

c.1.2. Credit quality of assets:

Current Period	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values
	Defaulted	Non-defaulted		
Loans (*)	20,830,559	493,378,191	13,790,995	500,417,755
Debt Securities		138,938,624		138,938,624
Off-balance sheet exposures	1,606,025	323,100,912	1,214,355	323,492,582
Total	22,436,584	955,417,727	15,005,350	962,848,961

(*) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above tables.

Prior Period	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values
	Defaulted	Non-defaulted		
Loans (*)	20,371,472	345,150,130	12,975,961	352,545,641
Debt Securities		107,252,064		107,252,064
Off-balance sheet exposures	909,307	202,730,928	694,245	202,945,990
Total	21,280,779	655,133,122	13,670,206	662,743,695

(*) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above table.

c.1.3. Changes in stock of default loans and debt securities (*):

	Current Period	Prior Period
Defaulted loans and debt securities at end of the previous reporting period	20,371,472	18,883,474
Loans and debt securities that have defaulted since the last reporting period	6,350,286	5,120,175
Receivables back to non-defaulted status	(1,017,053)	(145,197)
Amounts written off	(2,006,458)	(37,283)
Other changes	(2,867,688)	(3,449,697)
Defaulted loans and debt securities at end of the reporting period	20,830,559	20,371,472

(*) Indemnified non-cash loans or non-cash loans not converted into cash, of the firms which are followed under "Non-performing Loans" accounts are not included in the table.

c.1.4. Additional Explanation About the Credit Quality of Assets

Bank's methods for determining provision amounts and classification of its loans are mentioned in the Section Three Note VIII.

The bank is restructuring its loans classified as first and second group as well as non-performing loans. Restructuring in performing loans are made by granting a new loan or extending the term date of credit given to customer by Bank. Restructuring of a contract is made on customer's demand or with the purpose of enhancing the solvency of customer. Restructuring in non-performing loans are generally made by establishing a new redemption plan within the context of a protocol aiming the collection of those receivables whose redemption plan are not valid because of delinquency previously.

The breakdown of receivables in terms of geographic regions, sectors and remaining maturities are represented in "Explanations on Credit Risk" in the Section Four Notes II.

On the basis of sector-based provisions for receivables are presented in the footnote numbered Section Four II-16. The amounts of the receivables that are set aside for the geographical regions are as follows. The amount of non-performing loans which are written off in 2020 is TL 2,006,458.



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	Current Period		Prior Period	
	Non-Performing Loans	Specific Provision	Non-Performing Loans	Specific Provision
Domestic	20,397,941	13,498,359	20,176,357	12,802,981
EU Countries	247,369	119,892	39,197	26,484
OECD Countries (*)	35,901	30,765	1,275	1,067
Off-shore Banking Regions				
USA, Canada	7,731	6,382	8,560	6,329
Other Countries	141,617	135,597	146,083	139,100
Total	20,830,559	13,790,995	20,371,472	12,975,961

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

The aging analysis of past-due receivables is included in Section Four Note II-11.

c.2. Credit risk mitigation

c.2.1. Qualitative Requirements to be Disclosed to The Public Regarding Credit Risk Mitigation Techniques

In the calculation of the Bank's Credit Risk Mitigation in accordance with the "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 on 6 September 2014, the financial collaterals are taken into consideration. The Bank takes local currency and foreign currency deposit pledges into consideration as financial collaterals in calculating regulatory capital adequacy.

Information on key characteristics of the policies and processes related to the assessment and management of collateral are included in footnotes under Section IV No. II, "Credit Risk Explanations".

c.2.2. Credit risk mitigation techniques:

Current Period	Exposures unsecured	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees (*)	Exposures Secured by Financial Guarantees, of which: Secured Amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (**)	577,741,977	10,355,755	8,618,981	10,746,384	9,724,012		
Debt securities	153,871,817						
Total	731,613,794	10,355,755	8,618,981	10,746,384	9,724,012		
Of which defaulted	23,623,595						

(*) Consists loans of Credit Guarantee Fund guaranteed by the Undersecretariat of Treasury.

(**) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above table.

Prior Period	Exposures unsecured	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees (*)	Exposures Secured by Financial Guarantees, of which: Secured Amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (**)	336,672,229	4,761,729	3,987,435	11,111,682	9,097,809		
Debt securities	107,252,064						
Total	443,924,293	4,761,729	3,987,435	11,111,682	9,097,809		
Of which defaulted	7,395,512						

(*) Consists loans of Credit Guarantee Fund guaranteed by the Undersecretariat of Treasury.

(**) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above table.

c.3. Credit risk if standard approach is used

c.3.1. Qualitative disclosures about the ratings notes used by banks to calculate credit risk by standard approach

The mentioned disclosure is presented in Section Four Note XI-a.1.

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c.3.2. Standard approach - Exposure credit risk and credit risk mitigation effects

Current Period	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	Risk- weighted amount	Risk-weighted amount density
Exposures to sovereigns and their central banks	247,509,946	950	255,525,435	9,188,437	3,328,651	1.26%
Exposures to regional and local governments	342,151	870	342,041	267	171,168	50.00%
Exposures to administrative bodies and non-commercial entities	508,139	208,921	503,509	84,099	587,608	100.00%
Exposures to multilateral development banks	299,645		299,645			0.00%
Exposures to international organizations						
Exposures to banks and securities firms	21,099,626	21,072,853	21,086,177	16,023,828	12,328,560	33.22%
Exposures to corporates	227,307,338	152,695,779	217,460,719	88,814,213	279,530,445	91.27%
Retail exposures	123,310,683	74,788,316	120,335,451	5,839,139	95,895,190	76.00%
Exposures secured by residential property	24,218,274	1,364,158	24,171,142	606,846	8,672,296	35.00%
Exposures secured by commercial property	25,111,231	3,708,957	25,111,231	2,606,663	17,226,269	62.15%
Past-due loans	6,791,059		6,791,059		5,208,451	76.70%
Exposures in higher-risk categories by the Board	23,813,122	1,246,361	23,493,603	150,646	35,364,332	149.57%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment undertakings	1,536,280	50,000	1,536,280	50,000	1,586,280	100.00%
Equity investments	27,016,787	21,509,499	27,016,787	131,274	15,893,526	58.54%
Other exposures	38,685,526		38,685,526		39,105,820	101.09%
Total	767,549,807	276,646,664	762,358,605	123,495,412	514,898,596	58.12%

Prior Period	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	Risk- weighted amount	Risk-weighted amount density
Exposures to sovereigns and their central banks	164,764,668	1,231	173,863,011	1,236,709	2,163,946	1.24%
Exposures to regional and local governments	454,543	490	454,435	230	227,333	50.00%
Exposures to administrative bodies and non-commercial entities	505,480	103,885	504,767	42,267	547,034	100.00%
Exposures to multilateral development banks	228,549	803	228,549	402		0.00%
Exposures to international organizations						
Exposures to banks and securities firms	18,683,494	16,676,675	18,683,494	13,440,199	10,446,986	32.52%
Exposures to corporates	193,661,164	123,382,253	185,880,826	68,115,280	249,859,909	98.37%
Retail exposures	110,514,185	51,613,908	105,736,196	3,337,336	81,805,149	75.00%
Exposures secured by residential property	10,323,829	312,988	10,306,924	143,168	3,657,532	35.00%
Exposures secured by commercial property	20,410,195	3,555,456	20,410,195	2,600,445	14,214,647	61.77%
Past-due loans	7,342,980		7,342,980		5,617,703	76.50%
Exposures in higher-risk categories by the Board	63,926	869,651	63,926	101,830	166,103	100.21%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment undertakings	1,516,841	65,000	1,516,841	65,000	1,396,354	88.27%
Equity investments	21,278,047	6,112,340	21,278,047	18,830	12,346,061	57.97%
Other exposures	26,315,903		26,315,903		26,679,164	101.38%
Total	576,063,804	202,694,680	572,586,094	89,101,696	409,127,921	61.83%



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c.3.3. Standardised Approach-Exposures by Risk Classes and Risk Weights:

Current Period	Risk Weights											
	Bank											
	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other (*)	Total
Risk Groups												
Exposures to sovereigns and their central banks	261,385,207					29		3,328,636				264,713,872
Exposures to regional and local governments						342,280		28				342,308
Exposures to administrative bodies and non-commercial entities								587,608				587,608
Exposures to multilateral development banks	299,645											299,645
Exposures to international organizations												
Exposures to banks and securities firms			22,305,274			13,781,596		958,860	11,190		53,085	37,110,005
Exposures to corporates			18,541,595			23,259,559		264,041,919	95,804		336,055	306,274,932
Retail exposures							121,117,602	5,056,988				126,174,590
Exposures secured by residential property					24,777,988							24,777,988
Exposures secured by commercial property						20,983,251		6,734,643				27,717,894
Past-due loans (*)						3,166,861		3,622,553	1,645			6,791,059
Exposures in higher-risk categories by the Board						53,944		96,195	23,494,110			23,644,249
Exposures in the form of bonds secured by mortgages												
Short term exposures to banks, brokerage houses and corporates												
Equity investments in the form of collective investment undertakings								1,586,280				1,586,280
Equity investments								38,405,330		280,196		38,685,526
Other exposures	11,254,535							15,893,526				27,148,061
Total	272,939,387		40,846,869		24,777,988	61,587,520	121,117,602	340,312,566	23,602,749	280,196	389,140	885,854,017

(*) Related balance includes receivables from central counterparties subject to 2% risk weight.

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Prior Period	Risk Weights										
	Bank										
	10%	20%	25%	35%	50%	75%	100%	150%	250%	% 250	Total
Risk Groups											
Exposures to sovereigns and their central banks	172,935,757				35		2,163,928				175,099,720
Exposures to regional and local governments					454,664		1				454,665
Exposures to administrative bodies and non-commercial entities							547,034				547,034
Exposures to multilateral development banks	228,951										228,951
Exposures to international organizations											
Exposures to banks and securities firms			19,714,488		11,826,138		567,163	15,904			32,123,693
Exposures to corporates			1,503,520		5,866,767		246,625,814	5			253,996,106
Retail exposures						109,073,532					109,073,532
Exposures secured by residential property				10,450,092							10,450,092
Exposures secured by commercial property					17,591,986		5,418,654				23,010,640
Past-due loans					3,726,033		3,341,469	275,478			7,342,980
Exposures in higher-risk categories by the Board					75,865		13,332	76,559			165,756
Exposures in the form of bonds secured by mortgages											
Short term exposures to banks, brokerage houses and corporates											
Equity investments in the form of collective investment undertakings					370,975		1,210,866				1,581,841
Equity investments							26,073,729			242,174	26,315,903
Other exposures	8,950,816						12,346,061				21,296,877
Total	182,115,524		21,218,008	10,450,092	39,912,463	109,073,532	298,308,051	367,946		242,174	661,687,790



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d. Explanations on Counterparty credit risk

d.1. Qualitative Explanations on Counterparty credit risk

The counterparty credit risk that the Bank is exposed to be managed within the framework of general limit allocation and credit risk mitigation that are outlined in the credit risk policy. In setting general credit limits, the counterparty credit risks of customers as well as their cash and noncash risks are taken into account with a holistic view. Moreover, the total position of the transactions which create counterparty credit risk is also monitored under a separate risk limit.

The counterparty credit risk, which stems from derivatives and repo style transactions including transactions with qualified central counterparties that result in liabilities for both sides, is measured according to the Appendix-2 and Appendix-4 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks". Counterparty credit risk valuation method based on the calculation of fair values of the derivative transactions is implemented. In calculating the potential credit risk, the amount of the contract is multiplied by the rates given in the regulation. The replacement costs of derivative instruments are calculated based on the valuation of the related contracts according to the fair value method.

Most of the credit risk related to the derivative transactions with other banks is subject to daily collateral clearing agreements mutually signed with related parties and the counterparty credit risk is hence reduced. On the other hand, the risk-reducing effect of such agreements is not considered in the calculation of the counterparty credit risk under the capital adequacy legislation. There are no guarantees received or sold by credit derivatives by the Bank in the context of trading or banking accounts.

d.2. Counterparty credit risk (CCR) approach analysis:

Current Period	Replacement Cost	Potential Future Exposure	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardised Approach -CCR (for derivatives) (*)	15,126,470	2,525,157	17,651,627	7,438,966
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			3,603,297	820,234
Total	15,126,470	2,525,157	21,254,924	8,259,200

(*) Transactions with central counterparties are not included.

Prior Period	Replacement Cost	Potential Future Exposure	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardised Approach -CCR (for derivatives) (*)	4,675,225	1,871,467	6,546,692	4,640,300
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			4,510,615	1,650,727
Total	4,675,225	1,871,467	11,057,307	6,291,027

(*) Transactions with central counterparties are not included.

d.3. Capital obligation for credit valuation adjustment (CVA):

	Current Period		Prior Period	
	Risk Amounts	Risk Weighted Amounts	Risk Amounts	Risk Weighted Amounts
Total portfolio value with standardized approach CVA capital charge	17,651,627	6,061,815	6,546,692	2,160,332
Total subject to the CVA capital charge	17,651,627	6,061,815	6,546,692	2,160,332

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d.4. CCR exposures by risk class and risk weights:

Current Period	Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	Other (*)	Total Credit Exposure
Risk Groups									
Conditional and unconditional exposures to sovereigns and their central banks	9,034,901								9,034,901
Conditional and unconditional exposures to regional and local governments									
Conditional and unconditional exposures to administrative bodies and non-commercial entities						130			130
Conditional and unconditional exposures to multilateral development banks									
Conditional and unconditional exposures to international organizations									
Conditional and unconditional exposures to banks and securities firms			2,199,970	3,723,422		1			5,923,393
Exposures to corporates			247,813	269,495		5,754,644			6,271,952
Retail exposures					24,547				24,547
Other Exposures								389,140	389,140
Total	9,034,901		2,447,783	3,992,917	24,547	5,754,775		389,140	21,644,063

(*) Related balance includes receivables from central counterparties subject to 2% risk weight.



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	Risk Weights							
Prior Period	0%	10%	20%	50%	75%	100%	150%	Total Credit Exposure
Risk Groups								
Conditional and unconditional exposures to sovereigns and their central banks	1,066,957							1,066,957
Conditional and unconditional exposures to regional and local governments								
Conditional and unconditional exposures to administrative bodies and non-commercial entities						146		146
Conditional and unconditional exposures to multilateral development banks								
Conditional and unconditional exposures to international organizations								
Conditional and unconditional exposures to banks and securities firms			2,201,826	3,867,157		3		6,068,986
Exposures to corporates			976			3,906,228		3,907,204
Retail exposures					14,014			14,014
Exposures secured by residential property								
Exposures secured by commercial property								
Exposures in high-risk categories								
Exposures in the form of bonds secured by mortgages								
Short term exposures to banks, brokerage houses and corporates								
Equity investments in the form of collective investment undertakings								
Equity investments								
Other Exposures								
Other Assets								
Total	1,066,957		2,202,802	3,867,157	14,014	3,906,377		11,057,307

d.5. Collateral for CCR:

Current Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral		Received Collateral	Given Collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash- Domestic Currency					40,360,089	
Cash- Other Currencies					8,394,718	
Total					48,754,807	

Prior Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral		Received Collateral	Given Collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash- Domestic Currency					19,280,623	
Cash- Other Currencies					10,055,863	
Total					29,336,486	

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d.6. Credit derivatives exposures:

None.

d.7. Exposures to central counterparties (CCP):

	Current Period		Prior Period	
	Post CRM risk exposure	RWA	Post CRM risk exposure	RWA
Exposure to Qualified Central Counterparties (QCCPs) (total)	576,066	8,904	478,874	10,031
Exposures for trades at WCCPs (excluding initial margin and default fund contributions); of which	389,140	7,782	432,350	8,647
(i) OTC Derivatives	387,118	7,742	428,010	8,560
(ii) Exchange-traded Derivatives				
(i) Repo-reverse repo transactions, credit securities transactions and securities or commodities lending or borrowing	2,022	40	4,340	87
(i) Netting sets where cross-product has been approved				
Segregated initial margin	146,312			
Non-segregated initial margin				
Paid guarantee fund amount	40,614	1,122	46,524	1,384
Unpaid guarantee fund commitment				
Exposures to non-QCCPs (total)				
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which				
(i) OTC Derivatives				
(ii) Exchange-traded Derivatives				
(iii) Securities financing transactions				
(iv) Netting sets where cross-product has been approved				
Segregated initial margin				
Non-segregated initial margin				
Pre-funded default fund contributions				
Unfunded default fund contributions				

Explanations on securitizations:

None.

f. Market Risk Explanations

f.1. Qualitative information to be disclosed to the public regarding market risk

Market risk is defined as the risk that may reduce the market value of the trading portfolio due to the changes in the risk factors named interest rate, exchange rates, equities and the price of commodities and options.

The procedures for the management of market risk are discussed in the Bank's "Asset and Liability Management Risk Policy" and those procedures are in line with the risk/return expectations of the Bank and with the limits that are defined in the risk appetite framework. Limits related to market risk; are established by the Board and are revised periodically in order to reflect market conditions and best practices in the industry. Compliance to those limits is closely monitored by the Risk Management Department, Asset and Liability Management Committee and by the executive departments. Additionally, compliance with the provisions relating to the procedures and policies of market risk management is audited by the internal audit system.

Trading activities of the securities that are included in the calculation of market risk is carried out by taking the Asset-Liability Committee decisions, risk policies and established limits into consideration and risks arising due to these activities are hedged using derivatives transactions where necessary.

Measurement of market risk, reporting of results, and monitoring compliance with the risk limits are among the key responsibilities of the Risk Management Department. Analyses related to market risk are reported to the Risk Committee and to the Board via the Audit Committee by the Risk Management Department.

The trading book of the Bank included in market risk calculations consists of on balance-sheet financial assets that are held for trading intent, derivatives that provide hedge to those instruments and foreign currency positions. The market risk carried by the Bank is measured and monitored using two methods known respectively as the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall in accordance with the local regulations which are established in compliance with the international legislations. In this context, the exchange rate risk emerges as the most important component of the market risk.

The market risk calculations using the Standard Method are performed at the end of each month and the measurement results are included in the statutory reports as well as being reported to the Bank's top management.

The Value at Risk Model and Expected Shortfall are another alternative for the Standard Method used for measuring and monitoring market risk. This model is used to measure the market risk on a daily basis in terms of interest rate risk, currency risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR model, which is used to estimate the maximum possible loss for the following day.

Scenario analyses which support the VAR model used to measure the losses that may occur in the ordinary market conditions are practiced, and the possible impacts of scenarios that are developed based on the future predictions and the past crises, on the value of the Bank's portfolio are determined and the results are reported to the Bank's top management.



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f.2. Standardised Approach:

	Current Period	Prior Period
Current Period	RWA	RWA
Outright Products	9,118,589	8,428,564
Interest rate risk (general and specific)	3,798,288	3,109,788
Equity risk (general and specific)	464,125	521,550
Foreign exchange risk	4,265,063	4,714,538
Commodity risk	591,113	82,688
Options	985,899	103,499
Simplified approach		
Delta-plus method	985,899	103,499
Scenario approach		
Securitisations		
Total	10,104,488	8,532,063

g. Explanations on Operational Risk

The operational risk capital requirement is calculated according to Regulation on Measurement and Evaluation of Capital Adequacy of Banks’ article number 24, is measured using the Basic Indicator Approach once a year in parallel with domestic regulations. As of December 31, 2021, the operational risk amount is TL 40,291,061 (December 31, 2020: TL 32,655,169) and information about the calculation is given below.

Current Period	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	17,545,195	19,200,037	27,720,464	3	15	3,223,285
Value at operational risk (Total* 12.5)						40,291,061

Prior Period	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	15,503,039	17,545,195	19,200,037	3	15	2,612,414
Value at operational risk (Total* 12.5)						32,655,169

h. The interest rate risk of the banking book items:

Interest rate risk arising from the banking accounts is defined as negative effect risk on capital of the changes in market interest rates due to differences in interest settlement and re-pricing on, differences in interest-earning assets taking part in the banking book; interest-bearing liabilities; interest-bearing derivative transactions inclusive of the policies established by the Board of Directors, is managed within the framework of the strategies set by the Bank Asset-Liability Committee. Compliance with internal risk limits for banking portfolio is closely and continuously monitored by the Risk Management Department and Asset-Liability Committee and the measurement results are reported to the Board of Directors on a monthly basis.

Duration and sensitivity analysis are conducted on a monthly basis by the Bank in the scope of monitoring of interest rate risk arising from the banking books about Interest Rate Risk in the Banking Accounts from the Regulation on Measurement and Assessment of Standard Shock Method which is published in the Official Gazette No. 28034 dated 23 August 2011. In the duration analysis, the maturity gap between assets and liabilities of the balance sheet are determined by the calculation of the weighted average maturities based on the asset that sensitive to interest rate and liabilities and off-balance sheet transactions re-pricing period. In the interest rate risk sensitivity analysis, the influence of the various interest rate change scenarios to the economic value of the Bank's capital is examined.

In the calculations made within the framework of the said regulation, behavioral maturity modeling is performed for demand deposits with low sensitivity to interest changes and whose original maturity is longer than the contractual maturity. In these studies, which are defined as core deposit analysis, based on historical data, calculations are made for what amount of demand deposits will remain within the bank for what maturity, and these analyzes are used as an input in quantifying the interest rate risk arising from banking accounts in a way that does not contradict legal provisions.

Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders’ Equity – Loss/ Shareholders’ Equity
TL	(+) 500	(7,658,934)	(6.79) %
TL	(-) 400	7,003,704	6.21%
EUR	(+) 200	709,875	0.63%
EUR	(-) 200	48,870	0.04%
USD	(+) 200	(1,201,907)	(1.07) %
USD	(-) 200	2,876,981	2.55%
Total (for Negative Shocks)		9,929,555	8.80%
Total (for Positive Shocks)		(8,150,966)	(7.23) %

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i. Remuneration policy

The Remuneration Committee, which is established to carry out the duties and activities related to the monitoring and supervision of the Bank's remuneration applications on behalf of the Board of Directors, consists of two members. The Remuneration Committee meets at least twice a year, not exceeding six months, and reports to the Board of Directors on the results of the activities carried out and important matters considered to have an impact on the Bank's position. As of the end of 2021, the Remuneration Committee met 7 times and made a total of 10 decisions.

Regarding compliance with the Corporate Governance Principles, the Remuneration Committee monitors and supervises the practices related to wage management on behalf of the Board of Directors; the fees are in line with the Bank's ethical values, internal balances and strategic objectives; the evaluation of the remuneration policy and its practices in the context of risk management; it is responsible for the presentation of the proposals determined in line with the requirements of the salary policy and the other responsibilities determined by the provisions of the applicable legislation and the fulfillment of the duties given by the Board of Directors in this framework.

As of the end of 2021, the number of qualified employees working at the Bank is 27.

The monetary and social rights of employees are determined in accordance with the Chartering Policy in the framework of the legislation related to the Collective Labor Agreement. The Bank carries out its practices with regard to remuneration policies within the framework of relevant banking and capital market legislation. This policy includes all managers and employees.

Premium payments are made once a year to managers and managers who work in branches and headquarters units. It is considered that managerial premium payments are in line with the Bank's long-term strategy and the risks assumed, as well as the performance of its employees. There are no variable fees for qualified employees in the Bank.

The compliance of the wage levels in the bank with the sector wage levels is monitored by participating in independent and anonymous wage surveys, which are held twice a year.

Within the scope of the remuneration policy, the Bank's pricing practices are planned and executed on the basis of effective risk management, prevention of excessive risk taking, compliance with relevant legislation and scope and structure of the bank's activities, strategies, long-term objectives and risk management structures.

The fees to be paid to the managers and employees of the Bank at every stage; It is essential that the Bank is in line with its ethical values, internal balances and strategic objectives, and that it is not only associated with its short-term performance.

Payments made to employees are determined in a manner that will positively impact the Bank's corporate values and on the basis of objective conditions.

Payments to be made to the managers of the units within the internal systems and to their staff are determined by taking into account the performance of the relevant personnel in relation to their functions, as they are in the audit or oversight, or are independent of the performance of the activity unit they control.

XII. Explanations on Segment Reporting

The Bank's operations are classified as corporate, commercial, retail and private banking, and treasury/investment banking.

Services to the large corporations, SMEs and other trading companies are provided through various financial instruments within the scope of the corporate and commercial operations. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantees, letter of credits, forfeiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided for the aforementioned customer segments.

Retail banking services are comprised of individuals needs such as deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, and investment accounts and by other banking services. All kinds of financing and cash management services provided to individuals in the high-income level are recognized as Private Banking activities.

Treasury transactions are comprised of medium- and long-term funding tools such as securities trading, money market transactions, spot and forward TL and foreign currency trading, and derivative transactions such as forwards, swaps, futures and options, as well as syndications and securitizations. The details about the aforementioned investments are stated in Note I.h-I.i of Section Five.

Statement of information related to business segmentation is given below. Below mentioned information has been prepared with the data obtained from the Bank's management reporting system.



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Current Period	Corporate/Commercial Banking	Individual/Private Banking	Treasury Transaction/ Investment Activities	Unallocated	Total
Interest Income	31,950,917	12,339,254	16,417,925	196,247	60,904,343
Interest Expense	6,733,700	10,607,910	11,373,446	1,248,018	29,963,074
Fees and Commissions Income	6,695,135	2,675,474		372,169	9,742,778
Fees and Commissions Expense				2,122,833	2,122,833
Dividend Income			20,735		20,735
Trading Income/Loss (Net)			(5,149,127)		(5,149,127)
Other Income	2,643,970	307,201	7,414	1,442,985	4,401,570
Expected Credit Loss and Other Provision Expenses	7,091,015	688,195	16,416	6,654,541	14,450,167
Other Operating Expense	2,560,293	6,078,683		7,272,713	15,911,689
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			8,003,345		8,003,345
Income Before Tax					15,475,881
Tax Provision					2,007,986
Net Period Profit					13,467,895
Total Assets	394,696,667	99,234,839	228,168,114	204,469,404	926,569,024
Total Liabilities	241,815,534	330,076,297	194,580,263	160,096,930	926,569,024

Prior Period	Corporate/Commercial Banking	Individual/Private Banking	Treasury Transaction/ Investment Activities	Unallocated	Total
Interest Income	23,136,025	8,577,446	10,495,611	307,250	42,516,332
Interest Expense	3,665,548	5,362,953	6,916,464	1,329,328	17,274,293
Commission Income	4,521,230	2,251,040		18,148	6,790,418
Commission Expense				1,172,805	1,172,805
Dividend Income			21,487		21,487
Trading Income/Loss (Net)			(3,341,357)		(3,341,357)
Other Income	1,525,979	245,951	122	664,153	2,436,205
Provision Expense	7,515,789	534,157	20,047	4,659,927	12,729,920
Other Expense	2,087,678	4,914,808		4,794,500	11,796,986
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			3,406,471		3,406,471
Income Before Tax					8,855,552
Tax Provision					2,044,635
Net Period Profit					6,810,917
Total Assets	270,351,279	78,230,289	154,079,599	88,723,762	593,902,432
Total Liabilities	139,082,382	216,936,068	124,341,574	113,542,408	593,902,432

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Section Five: Disclosures and Footnotes On The Unconsolidated Financial Statements

I. Disclosures And Footnotes On Assets

A. Cash and Central Bank of Turkey:

a.1. Cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2,627,481	12,182,962	2,486,601	6,615,956
Central Bank of Turkey	14,652,969	152,099,358	3,077,078	58,365,617
Other		360,451		361,109
Total	17,280,450	164,642,771	5,563,679	65,342,682

a.2. Information on balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	14,652,969	66,674,939	3,077,078	19,977,563
Unrestricted Time Deposit				
Restricted Time Deposit				
Other (*)		85,424,419		38,388,054
Total	14,652,969	152,099,358	3,077,078	58,365,617

(*) The amount of reserve deposits held at the Central Bank of Turkey.

a.3. Information on reserve requirements:

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Turkey (“CBRT”), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between 3% - 8% for TL deposits and other liabilities, between 19% - 26% for FC deposits and between 5% - 21% for other FC liabilities. Reserves are calculated and set aside every two weeks on Friday for 14-day periods. Interest is paid for required reserves which are in TL in accordance with the procedures and principles determined by the CBRT.

According to the Communiqué on Required Reserves published in the Official Gazette dated 01.07.2021 and numbered 31528, the possibility of establishing Turkish lira required reserves in foreign currency was terminated as of 01.10.2021.

Within the scope of the “Communique on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts” numbered 2021/14, the conversion rate from USD, EUR and GBP denominated foreign currency deposit accounts and foreign exchange denominated participation fund accounts to time TL deposit and participation accounts was 10% as of the obligation date of 15.04.2022. and banks that reached 20% as of 08.07.2022 liability date, it has been decided not to apply an annual commission of 1.5% over the portion up to the amount to be kept for their liabilities until the end of 2022.

b. Information on Financial Assets at Fair Value through Profit and Loss:

b.1. Financial Assets at fair value through profit and loss, which are given as collateral or blocked:

As of 31.12.2021, the amount of financial assets given as collateral/blocked at fair value through profit or loss is TL 4.010,802 (31 December 2020: None).

b.2. Financial assets at fair value through profit and loss, which are subject to repurchase agreements:

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as at December 31, 2021 are amounting to TL 115,057 (December 31, 2020: TL 44,192).

b.3. All creditors including the Bank reached an agreement on restructuring the loans granted to the company. As stated in the year 2019, loans of the company had been planning to be restructured based on required permits and necessary approvals within a new special purpose entity which was already incorporated or will be incorporated in the Republic of Turkey and owned by the creditors either directly or indirectly through takeover of the shares, that have been pledged by the company as a guarantee for the credit risk. Above mentioned process was completed in 2018 and, in this context the Bank owns 11.5972% of the newly formed special purpose entity.

At the Ordinary Meeting of General Assembly of 2018 held in 2019, it has been decided to increase the share capital of the mentioned company by TL 3,982,230, all to be covered by common receivables. Whereas the Bank’s ownership ratio in the company has not changed, the nominal value of the shares owned increased from TL 6 to TL 461,833. Amount in question is recognized under Assets Held for Sale and Discontinued Operations account.

The remaining loan amount after the capital increase amounting to TL 1,886,716 (31.12.2020: TL 1,886,716), is accounted under financial assets at fair value through profit or loss. The amount of impairment recognized for the total asset converted into loan and capital is TL 3,393,933 and is classified under the specified item.

Assets, which are converted into loan and capital, amounted TL 2,348,549 are measured at fair value under TFRS 9 “Financial Instruments” standard and TFRS 5 “Assets Held For Sale and Discontinued Operations” Standard. Balance of related asset is followed in financial statements as Stage 3 within the scope of “TFRS 13 – Fair Value Measurement” standard.

The Bank re-evaluated the fair value of the relevant financial asset as of the end of the period and did not make any change in the current value monitored during the period. If the growth rate and risk-free return rate on investment used in the discounted cash flow method used in valuation are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 55 million (full TL amount) or will decrease by TL 49 million (full TL amount).

Although the process continues as of the report date, as announced on the Public Disclosure Platform on 17 December 2021, negotiations have started for the sale of the said shares to the Turkey Wealth Fund.

b.4. TL 1,302,654 of other financial assets consists of the mutual funds; Quasar İstanbul Konut Gayrimenkul and Quasar İstanbul Ticari Gayrimenkul which were founded by İş Portföy Yönetimi A.Ş.



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c. Positive differences on derivative financial assets held for trading:

Derivative Financial Assets at Fair Value Through Profit or Loss	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	307,790	1,697,249	150,545	369,782
Swap Transactions	31,882	18,159,836	41,156	4,323,287
Futures				
Options	240,718	456,221	3,779	81,008
Other		1,030,470		90,560
Total	580,390	21,343,776	195,480	4,864,637

d. Information on Banks:

d.1. Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	118	628,822	230,204	318,280
Foreign Banks	168,103	23,332,258	197,109	15,303,968
Foreign Head Office and Branches				
Total	168,221	23,961,080	427,313	15,622,248

d.2. Information on foreign banks:

	Restricted Amount		Unrestricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	6,992,733	5,672,853	2,504,313	1,411,758
USA, Canada	4,798,843	3,185,966		73,252
OECD Countries (*)	3,164,571	2,007,029	1,732,111	1,032,493
Off-shore Banking Regions				
Other	3,083,978	1,593,433	1,223,812	524,293
Total	18,040,125	12,459,281	5,460,236	3,041,796

(*) OECD countries other than the EU countries, USA and Canada.Expected credit loss for cash and cash equivalents:

Nakit ve nakit benzerleri için ayrılan beklenen zarar karşılıkları

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 2	Stage 1	Stage 3
Beginning of period provisions	26,379			27,806		
Additional provisions within the period	44,434			33,144		
Transfers within the period	(18,484)			(27,234)		
Write-offs from Assets						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Currency Exchange Difference	10,461			(7,337)		
Current Period Ending Provisions	62,790			26,379		

e. Information on Financial Assets at Fair Value through Other Comprehensive Income:

e.1. Information on financial assets at Fair Value through Other Comprehensive Income, which are given as collateral or blocked:

Financial assets at fair value through other comprehensive income, which are given as collateral or blocked, amount to TL 21,372,033 as at December 31, 2021 (December 31, 2020: TL 17,730,908).

e.2. Information on financial assets at Fair Value Through Other Comprehensive Income, which are subject to repurchase agreements:

Financial assets at fair value through other comprehensive income, which are subject to repurchase agreements amount to TL 32,267,910 as at December 31, 2021 (December 31, 2020: TL 18,376,335).

Türkiye İş Bankası A.Ş. Notes To The Unconsolidated Financial Statements For The Year Ended December 31, 2021

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e.3. Information on financial assets at Fair Value through Other Comprehensive Income:

	Current Period	Prior Period
Debt Securities	92,072,307	65,691,796
Quoted on a Stock Exchange	47,467,263	42,827,077
Not- Quoted (*)	44,605,044	22,864,719
Share Certificates	552,328	345,962
Quoted on a Stock Exchange		
Not-Quoted	552,328	345,962
Impairment Losses (-)	5,094,482	643,691
Other	24,923	136,879
Total	87,555,076	65,530,946

(*) Refers to the debt securities, which are not quoted on the Stock Exchange or which are not traded, although quoted, on the Stock Exchange at the end of the related period.

f. Information related to loans:

f.1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Lending to Shareholders				
Corporate Shareholders				
Individual Shareholders				
Indirect Lending to Shareholders				
Loans and Other Receivables to Employees	353,655	861	297,475	864
Total	353,655	861	297,475	864

f.2. Information about the Standard loans and loans under close monitoring and loans under close monitoring that have been restructured:

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	433,721,689	27,337,872	12,528,763	19,789,867
Corporation Loans	184,569,325	16,297,556	8,720,426	11,672,321
Export Loans	45,488,638	1,106,168	8,145	310,623
Import Loans				
Loans Extended to Financial Sector	16,361,315	1,788		
Consumer Loans	77,897,519	5,880,626		1,460,001
Credit Cards	34,575,102	1,390,622	815,722	
Other	74,829,790	2,661,112	2,984,470	6,346,922
Specialized Loans				
Other Receivables				
Total	433,721,689	27,337,872	12,528,763	19,789,867

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses (Stage I)	3,417,459		2,566,751	
Significant Increase in Credit Risk (Stage II)		11,094,455		7,809,169

According to TFRS 9, the expected loss provisions calculated for the stage 1 and stage 2 loans have generally changed in parallel with the related loan balances.



Türkiye İş Bankası A.Ş.
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f.3. Information on Maturity analysis of cash loans

Cash Loans	Standard Loans	Loans under close monitoring	
		Loans Not Subject to Restructuring	Restructured Loans
Short-term Loans and Other Receivables	127,579,147	4,131,219	1,455,561
Medium and Long-term Loans and Other Receivables	306,142,542	23,206,653	30,863,069

f.4. Information on consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Consumer Loans – TL	2,898,136	77,925,583	1,437,351	82,261,070
Real Estate Loans	30,822	23,971,198	278,409	24,280,429
Vehicle Loans	25,242	1,188,360	14,555	1,228,157
General Purpose Consumer Loans	2,842,072	52,766,025	1,144,387	56,752,484
Other				
Consumer Loans – FC Indexed		2,821	27,147	29,968
Real Estate Loans		2,821	27,147	29,968
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Consumer Loans – FC				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Retail Credit Cards – TL	23,016,151	1,106,106	141,196	24,263,453
With Installments	8,244,933	1,106,106		9,351,039
Without Installments	14,771,218		141,196	14,912,414
Retail Credit Cards – FC	28,094			28,094
With Installments				
Without Installments	28,094			28,094
Personnel Loans-TL	28,523	147,142	2,553	178,218
Real Estate Loans		3,929	29	3,958
Vehicle Loans		573	5	578
General Purpose Consumer Loans	28,523	142,640	2,519	173,682
Other				
Personnel Loans- FC Indexed				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Personnel Loans – FC				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Personnel Credit Cards – TL	153,787	2,833	277	156,897
With Installments	58,894	2,833		61,727
Without Installments	94,893		277	95,170
Personnel Credit Cards-FC	282			282
With Installments				
Without Installments	282			282
Overdraft Accounts – TL (real persons)	2,726,338		42,552	2,768,890
Overdraft Accounts – FC (real persons)				
Total	28,851,311	79,184,485	1,651,076	109,686,872

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f.5. Information on commercial installments loans and corporate credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Commercial Loans With Installments-TL	3,960,174	60,662,469	1,042,381	65,665,024
Real Estate Loans	16,413	2,723,188	21,132	2,760,733
Vehicle Loans	375,936	11,025,339	82,943	11,484,218
General Purpose Commercial Loans	3,567,825	46,913,942	938,306	51,420,073
Other				
Commercial Loans With Installments-FC Indexed		163,505	446,975	610,480
Real Estate Loans		5,504	13,843	19,347
Vehicle Loans		3,012	6,511	9,523
General Purpose Commercial Loans		154,989	426,621	581,610
Other				
Commercial Loans With Installments-FC	80,999	5,668,158	37,222	5,786,379
Real Estate Loans				
Vehicle Loans				
General Purpose Commercial Loans	80,999	5,668,158	37,222	5,786,379
Other				
Corporate Credit Cards-TL	12,097,914	193,250	34,846	12,326,010
With Installments	5,573,496	193,242		5,766,738
Without Installments	6,524,418	8	34,846	6,559,272
Corporate Credit Cards-FC	6,710			6,710
With Installments				
Without Installments	6,710			6,710
Overdraft Accounts – TL (corporate)	1,565,680		29,242	1,594,922
Overdraft Accounts – FC (corporate)				
Total	17,711,477	66,687,382	1,590,666	85,989,525

f.6. Allocation of loan by borrowers:

	Current Period	Prior Period
Public	6,082,101	4,665,025
Private	487,296,090	340,485,105
Total	493,378,191	345,150,130

f.7. Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	474,816,677	334,033,334
Foreign Loans	18,561,514	11,116,796
Total	493,378,191	345,150,130

f.8. Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	6,287,638	5,368,800
Indirect Loans Granted to Subsidiaries and Associates		
Total	6,287,638	5,368,800

f.9. Information on impairment provisions of Loans (Stage 3):

	Current Period	Prior Period
Loans with Limited Collectability	848,210	12,659
Loans with Doubtful Collectability	1,160,409	1,325,036
Uncollectible Loans	11,782,376	11,638,266
Total	13,790,995	12,975,961

f.10. Information on non-performing loans (Net):

f.10.1. Information on non-performing loans, which are restructured or rescheduled:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period			
(Gross amounts before the provisions)	118,515	54,316	3,333,401
Restructured Loans	118,515	54,316	3,333,401
Prior Period			
(Gross amounts before the provisions)	323	109,749	1,641,053
Restructured Loans	323	109,749	1,641,053



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f.10.2. Information on the movement of total non-performing loans

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Non Performing Loans
Prior Period Ending Balance	12,659	2,916,512	17,442,301
Corporate and Commercial Loans	11,601	2,616,562	15,495,879
Retail Loans	1,003	206,205	1,001,958
Credit Cards	55	93,745	815,995
Other			128,469
Additions (+)	2,338,714	3,696,606	314,966
Corporate and Commercial Loans	1,450,855	3,028,397	291,433
Retail Loans	573,488	411,728	3,710
Credit Cards	312,422	256,418	9,543
Other	1,949	63	10,280
Transfers from Other NPL Categories (+)		485,668	4,375,118
Corporate and Commercial Loans		304,300	3,934,391
Retail Loans		136,456	306,661
Credit Cards		42,963	132,054
Other		1,949	2,012
Transfers to Other NPL Categories (-)	485,668	4,375,118	
Corporate and Commercial Loans	304,300	3,934,391	
Retail Loans	136,456	306,661	
Credit Cards	42,963	132,054	
Other	1,949	2,012	
Collections (-) (*)	196,204	535,999	3,822,317
Corporate and Commercial Loans	54,117	266,397	3,382,384
Retail Loans	82,580	169,805	287,695
Credit Cards	59,507	99,797	139,232
Other			13,006
Write-Offs (-)	2,631	1,120	905,808
Corporate and Commercial Loans	24	908	903,887
Retail Loans	2,603	179	752
Credit Cards	4	33	1,159
Other			10
Debt Sale (-) (**)		12	1,096,887
Corporate and Commercial Loans			356,687
Retail Loans			356,762
Credit Cards		12	381,081
Other			2,357
Currency Change Effect	277	1,340	668,162
Corporate and Commercial Loans	250	1,332	666,693
Retail Loans	27	8	1,377
Credit Cards			
Other			92
Current Period Ending Balance	1,667,147	2,187,877	16,975,535
Corporate and Commercial Loans	1,104,265	1,748,895	15,745,438
Retail Loans	352,879	277,752	668,497
Credit Cards	210,003	161,230	436,120
Other			125,480
Provisions (-)	848,210	1,160,409	11,782,376
Corporate and Commercial Loans	531,412	897,158	10,715,590
Retail Loans	193,200	163,170	560,154
Credit Cards	123,598	100,081	391,777
Other			114,855
Net Balance on Balance Sheet	818,937	1,027,468	5,193,159

(*) As of 31 December 2021, the amount of 867,724 TL has been deducted within the framework of the amendment made in the 'Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions for These' published in the Official Gazette dated 27 November 2019 and numbered 30961.
(**) In the current period, our receivables, which make up TL 745,486 of the portfolio consisting of non-performing loans, have been collected from the sales price of TL 71,850 in cash, to Emir Varlık Yönetim A.Ş., İstanbul Varlık Yönetim A.Ş., Future Varlık Yönetim A.Ş., Hedef Varlık Yönetim A.Ş. and Arsan Varlık Yönetim A.Ş.; Our receivables, constituting a portion of TL 351,413, were transferred to İstanbul Varlık Yönetim A.Ş. After the sale of portfolio consisting of write-offs and non-performing loans, the Bank's non-performing loan ratio decreased from 4.42% to 4.05% as of 31.12.2021.

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f.10.3. Information on foreign currency non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period			
Balance at the End of the Period	602,138	1,070,131	10,547,942
Provisions (-)	291,909	545,376	6,459,390
Net Balance on Balance Sheet (*)	310,229	524,755	4,088,552
Prior Period			
Balance at the End of the Period	11,050	1,652,612	9,050,836
Provisions (-)	11,050	665,110	5,001,086
Net Balance on Balance Sheet (*)		987,502	4,049,750

(*) In addition to the loans extended in foreign currency, loans which are monitored in Turkish Lira are included.

f.10.4. Information on gross and net non-performing loans as per customer categories:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	818,937	1,027,468	5,193,159
Loans to Individuals and Corporate (Gross)	1,667,147	2,187,877	16,850,055
Provisions (-)	848,210	1,160,409	11,667,521
Loans to Individuals and Corporate (Net)	818,937	1,027,468	5,182,534
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			125,480
Provisions (-)			114,855
Other Loans (Net)			10,625
Prior Period (Net)		1,591,476	5,804,035
Loans to Individuals and Corporate (Gross)	12,659	2,916,512	17,313,832
Provisions (-)	12,659	1,325,036	11,526,544
Loans to Individuals and Corporate (Net)		1,591,476	5,787,288
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			128,469
Provisions (-)			111,722
Other Loans (Net)			16,747

f.10.5. Information on interest accruals, valuation differences and related provisions calculated for non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	103,070	136,063	379,597
Interest accruals and valuation differences	205,266	282,220	1,460,295
Provisions (-)	102,196	146,157	1,080,698
Prior Period (Net)		147,364	522,279
Interest accruals and valuation differences		297,299	1,511,827
Provisions (-)		149,935	989,548



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f.10.6. Outline of the liquidation policy for uncollectible loans and other receivables

In order to ensure the liquidation of non-performing loans, all possibilities evaluated to ensure maximum collection according to the legislation. Primarily, administrative initiatives are taken to deal with the borrower. Collection through legal proceedings is applied if there is no possibility of collection, liquidation or structuring for receivables through negotiations.

Our receivables that cannot be collected through administrative and legal initiatives can be written off from the assets within the framework of portfolio-based receivables sales or write-offs, by fulfilling the requirements of the Tax Procedure Law.

f.10.7. Information on write-off policy

Receivables classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no result is obtained, legal proceedings are applied. In case of deletion of NPLs from assets, one of the methods of destruction, receivable sale and write-off can be applied.

In the Bank's write-off policy within the framework following the amendment made in Article 53 of the Banking Law with the Law on Income Tax and amending Certain Laws No. 19.07.2019/7186, along with the "Classification of Loans and the Procedures and Principles for the Reserves to be Allocated" published in the Official Gazette No. 27.11.2019 / 30961, the following statements are issued:

- The portion of the receivables, which are monitored under the Fifth Group-Uncollectible Loans and allocated for lifetime expected credit loss due to the default of the debtor, can be write-off to the extent of the maximum provision amount,

- write-off is an accounting practice and does not result in the remission of the receivable,

- the receivables to be write-off must be monitored as non-performing loans for at least 1 year.

Receivables that are proven to be uncollectible in legal follow-up process can be write-off within the instructions of Tax Procedure Law.

Expected Credit Loss:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	2,566,751	7,809,169	12,975,961	1,457,857	3,696,174	10,326,031
Additional provisions within the period	2,018,263	6,148,847	3,049,611	1,765,113	5,463,265	3,500,177
Transfers within the period	(1,359,941)	(1,799,663)	(1,468,889)	(737,231)	(1,010,378)	(1,235,396)
Write-offs from Assets			(1,998,407)			(28,363)
Transfer to Stage 1	473,529	(466,441)	(7,088)	79,332	(71,309)	(8,023)
Transfer to Stage 2	(361,801)	368,343	(6,542)	(69,133)	73,848	(4,715)
Transfer to Stage 3	(21,047)	(1,212,754)	1,233,801	(4,384)	(415,661)	420,045
Currency Exchange Difference	101,705	246,954	12,548	75,197	73,230	6,205
Provisions at the end of the period	3,417,459	11,094,455	13,790,995	2,566,751	7,809,169	12,975,961

g. Financial Assets Measured at Amortised Cost:

g.1. Financial Assets Measured at Amortised Cost given as collateral or blocked:

Financial assets measured at amortised cost given as collateral or blocked amount to TL 9,520,594 as at December 31, 2021 (December 31, 2020: TL 8,880,626).

g.2. Financial Assets Measured at Amortised Cost subject to repurchase agreements:

Financial assets measured at amortised cost, which are subject to repurchase agreements amount to TL 17,843,004 as at December 31, 2021 (December 31, 2020: TL 6,421,414).

g.3. Information on government securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	43,662,356	40,425,089
Treasury Bills		
Other Public Debt Securities		
Total	43,662,356	40,425,089

g.4. Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	46,412,734	41,659,437
Quoted on a Stock Exchange	44,951,778	40,626,988
Not Quoted (*)	1,460,956	1,032,449
Impairment Losses (-)		
Total	46,412,734	41,659,437

(*) Indicates unlisted debt securities, and debt securities that have not been traded at the end of the related periods while they are listed

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g.5. Movement of financial assets measured at amortised cost within the year:

	Current Period	Prior Period
Beginning Balance	41,659,437	30,888,355
Foreign Exchange Differences Arising on Monetary Assets	2,747,218	1,247,679
Purchases During the Year	15,700,230	15,274,452
Disposals through Sales and Redemption	(15,819,174)	(6,752,597)
Impairment Losses (-)		
Valuation effect	2,125,023	1,001,548
Balance at the End of the Period	46,412,734	41,659,437

Expected credit loss for financial assets measured at amortised cost

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning Term Provision	12,001			7,768		
Additional Provisions During the Period	18,508			10,031		
Disposal During the Period	(10,266)			(5,869)		
Write-off						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Exchange Rate Differences	100			71		
Period-end Provisions	20,343			12,001		

h. Information on associates (Net):

h.1. General information on associates:

No.	Title	Address (City/ Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.58	20.58
2-	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	9.09	9.09

h.2. Information on financial statements of associates in the above order (*):

No.	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (**)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1-	10,205,582	1,361,769	223,069	432,044	41	163,288	100,781	
2-	544,660	339,776	297,247	13,036		47,719	48,549	

(*) Shows September 30, 2021 amounts for Kredi Kayıt Bürosu A.Ş. and December 31, 2021 amounts for Arap Türk Bankası A.Ş.

(**) Includes interest income on securities.

h.3. Movement of investments in associates:

	Current Period	Prior Period
Beginning Balance	266,305	250,459
Movements During the Period		
Purchases		
Bonus Shares Acquired		
Dividends Received from Current Year Profit		
Sales		
Revaluation Increase (*)	44,776	25,199
Impairment		
Other(**)		-9,353
Balance at the end of the period	311,081	266,305
Capital commitments		
Contribution in equity at the end of the period (%)		

(*) The differences arising from accounting by equity method is included.

(**) Due to the change in the ownership structure of Bankalararası Kart Merkezi A.Ş. and the loss of significant influence within the scope of 'TAS 28-Investments in Subsidiaries and Joint Ventures' in the previous period, the company is classified to Financial Assets at Fair Value through Other Comprehensive Income.



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h.4. Sectoral information on financial associates and the related carrying amounts:

Associates	Current Period	Prior Period
Banks	280,196	242,174
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations		
Total	280,196	242,174

h.5. Associates quoted on a stock exchange: None.

h.6. Associates disposed of in the current period: None.

h.7. Associates acquired in the current period: None.

i.Information on subsidiaries (Net):

i.1. Information on the equity of major subsidiaries:

	Türkiye Sınai Kalkınma Bankası A.Ş.	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Insurance / Reinsurance Companies	İş Finansal Kiralama A.Ş.	İş Yatırım Menkul Değerler A.Ş.
COMMON EQUITY TIER I CAPITAL					
Common Equity Tier I Capital Before Deductions	7,354,514	5,476,126	4,867,316	1,999,205	2,768,792
Deductions from Common Equity Tier I Capital (-)	173,692	1,713	93,029	9,294	102,178
Total Common Equity Tier I Capital	7,180,822	5,474,413	4,774,287	1,989,911	2,666,614
ADDITIONAL TIER I CAPITAL					
Additional Tier I Capital before Deductions					
Deductions from Additional Tier I Capital (-)					
Total Tier I Capital	7,180,822	5,474,413	4,774,287	1,989,911	2,666,614
TIER II CAPITAL					
Tier II Capital Before Deductions	4,585,272				
Deduction from Tier II Capital (-)					
Total Tier II Capital	4,585,272				
Total Tier I Capital and Tier II Capital	11,766,094	5,474,413	4,774,287	1,989,911	2,666,614
Deductions from Total Tier I Capital and Tier II Capital (-)					
EQUITY	11,766,094	5,474,413	4,774,287	1,989,911	2,666,614

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i.2. General information on subsidiaries (*):

No	Title	Address (City/ Country)	Bank's Share Percentage-if Different, Voting Rights (%)	Bank's Risk Group Share Percentage (%)
1-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/TURKEY	62.00	83.00
2-	Joint Stock Company İşbank	Moscow/RUSSIA	100.00	100.00
3-	Join Stock Company Isbank Georgia	Tbilisi/GEORGIA	100.0	100.00
4-	İş Finansal Kiralama A.Ş.	İstanbul/ TURKEY	27.79	58.24
5-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/ TURKEY	52.06	65.44
6-	İş Merkezleri Yönetim ve İşletim A.Ş.	İstanbul/ TURKEY	86.33	100
7-	İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	İstanbul TURKEY	100.00	100.00
8-	İş Yatırım Menkul Değerler A.Ş.	İstanbul TURKEY	65.74	70.78
9-	İşbank AG	Frankfurt-Main/GERMANY	100.00	100.00
10-	Kültür Yayınları İş Türk A.Ş.	İstanbul/ TURKEY	99.17	100.00
11-	Milli Reasürans T.A.Ş.	İstanbul/ TURKEY	87.60	87.60
12-	Trakya Yatırım Holding A.Ş.	İstanbul/ TURKEY	100.00	10.00
13-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/ TURKEY	47.68	51.37
14-	Türkiye Şişe ve Cam Fabrikaları A.Ş. (*)	İstanbul/ TURKEY	50.93	57.02
15-	MOKA Ödeme ve Elektronik Para Kuruluşu A.Ş.	İstanbul/ TURKEY	100.00	100.00

(*) The purchased free float shares of listed subsidiaries in Borsa İstanbul (BIST) namely, Anadolu Hayat Emeklilik A.Ş., İş Finansal Kiralama A.Ş. and İş Yatırım Menkul Değerler A.Ş., which are booked under 'Financial Assets at Fair Value Through Profit or Loss' account are not included. (Board of Directors Decision dated December 25, 2015)

i.3. Financial statement information related to subsidiaries in the above order (*):

No	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income	Securities Income	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value (**)	Additional Shareholders' Equity Required
1-	51,499,993	1,884,515	398,843	553,910	61,909	699,988	526,939	5,184,510	
2-	2,732,941	758,858	72,137	111,221	14,031	12,739	2,644		
3-	1,623,847	440,328	40,440	61,347		28,165	20,760		
4-	20,376,915	2,139,443	31,147	1,509,893	17,439	310,063	197,586	2,174,211	
5-	6,676,321	5,475,663	5,510,853	6,283	41,537	1,329,920	266,502	2,914,600	
6-	137,788	71,245	7,744	2,564	3,496	15,618	8,971		
7-	188,691	89,961	35,690	7,327	2	15,532	16,203		
8-	14,213,244	3,072,116	151,535	569,927	1,119,554	1,233,477	977,305	8,168,905	
9-	28,062,570	3,395,122	294,252	551,693		143,158	59,514		
10-	106,002	82,019	9,266	960		26,174	18,061		
11-	7,183,128	3,000,423	829,788	406,668	160,475	548,966	348,599		
12-	1,412,735	1,033,350	632,467	2,708	44,781	29,067	40,598		
13-	86,092,535	7,021,766	884,455	4,675,202	10,380	1,097,309	709,473	4,040,400	
14-	52,241,686	27,447,137	19,422,078	513,042	833,782	4,152,078	2,147,817	25,145,924	
15-	119,578	45,024	2,550	5,526		2,143	(4,164)		

(*) Trakya Yatırım Holding A.Ş., İş Merkezleri Yönetim ve İşletim A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş., Kültür Yayınları İş Türk A.Ş. are December 31, 2020, and Türkiye Şişe ve Cam Fabrikaları A.Ş. as of September 30, 2021, and others are September 30, 2021.

(**) Fair value represents the market value of the company.



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i.4. Movement of investments in subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	25,736,078	20,820,095
Movements in the Period		
Purchases (*)	135,635	831,528
Bonus Shares Acquired		
Dividends Received from Current Year Profit		
Sales		
Revaluation Surplus/Deficit (**)	13,278,551	4,084,455
Impairment		
Balance at the End of the Period	39,150,264	25,736,078
Capital Commitments		
Contribution in equity at the end of the period (%)		

(*) The amount in the current period is due to the purchase and capital increase of Moka Ödeme Kuruluşu A.Ş. and the amount in the prior period is due to the purchasing shares of Türkiye Sınai Kalkınma Bankası A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş., Milli Reasürans T.A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret and İletişim Hizmetleri A.Ş. by cash, Türkiye Şişe ve Cam Fabrikaları A.Ş and İş Gayrimenkul Yatırım Ortaklığı A.Ş.'s shares followed in the Financial Assets at Fair Value Through Profit or Loss account is classified under subsidiaries and due to the capital increase of Trakya Yatırım Holding A.Ş.

(**) The differences arising from accounting by equity method is included.

i.5. Sectoral information on financial subsidiaries and the related carrying amounts:

Related Companies	Current Period	Prior Period
Banks	8,036,340	5,580,606
Insurance Companies	4,353,568	3,659,077
Factoring Companies		
Leasing Companies	544,978	442,361
Finance Companies		
Other Financial Subsidiaries	4,678,171	3,322,877
Total	17,613,057	13,004,921

i.6. Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Traded on domestic stock exchanges	30,173,876	19,420,364
Traded on foreign stock exchanges		
Total	30,173,876	19,420,364

i.7. Subsidiaries disposed of in the current period: None.

i.8. Subsidiaries acquired in the current period: Subsidiaries acquired in the current period: With the authorization given to the Head Office by the Board of Directors decision dated July 27, 2020, with the completion of necessary procedures, 100% share of MOKA Ödeme Kuruluşu A.Ş. was transferred to the Bank.

j. Information on jointly controlled entities:

There are no jointly controlled entities of the Bank.

k. Information regarding finance lease receivables of the Bank (Net):

The Bank has no finance lease receivables.

l. Explanations on derivative financial assets held for risk management:

The Bank has no derivative financial assets held for risk management.

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m. Information on tangible assets (net):

	Real Estates	Leased Tangible Assets	Buildings Under Construction	Vehicles	Other Tangible Assets	Total
Prior Period						
Cost	4,413,556	2,227,147	40,908	26,403	3,060,702	9,768,716
Accumulated Depreciation	(45,560)	(943,998)		(17,077)	(2,151,802)	(3,158,437)
Net Book Value	4,367,996	1,283,149	40,908	9,326	908,900	6,610,279
Current Period End:						
Net Book Value at the Beginning of the Period	4,367,996	1,283,149	40,908	9,326	908,900	6,610,279
Change During the Period (Net) (*)	1,796,081	590,814	43,924	5,268	298,294	2,734,381
Depreciation	(21,375)	(364,155)		(3,892)	(297,090)	(686,512)
Impairment	24,506					24,506
Net Currency Translation Differences (*)		12,852		270	4,084	17,206
Cost at the Period End	6,180,660	2,867,073	84,832	31,315	3,342,423	12,506,303
Accumulated Depreciation at the Period End	(13,452)	(1,344,413)		(20,343)	(2,428,235)	(3,806,443)
Closing Net Book Value	6,167,208	1,522,660	84,832	10,972	914,188	8,699,860

(*) Maliyet bedeli ile birikmiş amortisman kalemlerindeki hareketleri içermektedir.

n. Information on Intangible Assets:

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	1,330,841	913,509
Change During the Period (Net) (*)	748,959	650,812
Depreciation	(334,798)	(233,969)
Impairment		
Net Currency Translation Differences (*)	5,107	489
Cost at the Period End	4,183,060	3,428,397
Accumulated Depreciation at Period End	(2,432,951)	(2,097,556)
Closing Net Book Value	1,750,109	1,330,841

(*) The balance includes the movements in cost and accumulated depreciation items.

o. Explanations on investment property:

The Bank has no investment property.



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p. Information on deferred tax asset:

As of December 31, 2021, the Bank has deferred tax asset amounting to TL 2,557,610. Such deferred tax asset is calculated based on the temporary differences between the book value of the Bank’s assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising, the temporary differences are followed under equity, the related tax asset/liability is directly recognized under equity items.

	Current Period	Prior Period
Deferred Tax (Asset)/Liability:		
Tangible and Intangible Assets	715,369	482,628
Provisions (*)	(5,339,164)	(3,187,481)
Valuation of Financial Assets	1,799,736	(670,706)
Other	266,449	(44,935)
Net Deferred Tax (Asset)/Liability:	(2,557,610)	(3,420,494)

(*) Comprised of employee termination benefits, actual and technical deficits of the pension fund, the provisions for credit card bonus points, expected credit loss for Stage 1 and Stage 2 loans and other provisions.

	Current Period	Prior Period
Opening Balance	3,420,494	1,831,108
Deferred Tax Income / (Expense) (Net)	(904,208)	1,779,152
Deferred Taxes Recognised Under Shareholders’ Equity	41,245	(175,980)
Deferred Taxes Recognised Under Previous Years’ Profits and Losses		(13,786)
Exchange Rate Differences	79	
Deferred Tax Asset	2,557,610	3,420,494

q. Information on assets held for sale and discontinued operations:

	Current Period	Prior Period
Balance at the Beginning of the Period	1,220,094	1,102,181
Transfers (Net)	-392,461	117,920
Depreciation (Net)		-7
Impairment Losses (-)		
Balance at the End of the Period	827,633	1,220,094

Investment in a special purpose company whose details be given in section five footnote I.b.3 is classified within the scope of “IFRS-5 Assets Held for Sale and Discontinued Operations”. As stated in the same footnote, share of the Bank in the company's capital nominal values increase from TL 6 to TL 461,833 and this amount is disclosed under the line of Transfers (Net). On the other hands an international investment bank is authorized as a sales advisor in 2019 for the sale of the relevant company or the shares owned by the company and in this context, necessary works related to the sale and negotiations with potential investors have been initiated. Although the process continues as of the report date, as announced on the Public Disclosure Platform on 17 December 2021, negotiations have started for the sale of the said shares to the Turkey Wealth Fund.

The other assets classified as “Assets Held for Sale” consist of securities and real estates. Those real estates subject to sale are announced on the Bank’s web site. Announcements about the real estates subject to sale are also made by means of newspaper advertisements and similar media.

The Bank has no discontinued operations.

r. Information on Other Assets:

The “other assets” item of the balance sheet does not exceed 10% of total assets.

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II. Disclosures And Footnotes On Liabilities

a. Information on Deposits:

a.1. The maturity structure of deposits (current period):

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	29,129,615		10,101,438	62,338,966	8,091,893	879,420	1,026,512	6,422	111,574,266
Foreign Currency Deposits	189,169,045		34,629,765	127,216,568	6,360,203	2,627,763	11,845,167	2,293	371,850,804
Residents in Turkey	170,392,877		32,260,729	110,981,890	4,853,136	1,507,234	4,219,586	1,517	324,216,969
Residents Abroad	18,776,168		2,369,036	16,234,678	1,507,067	1,120,529	7,625,581	776	47,633,835
Public Sector Deposits	1,205,680		11,796	139,914	1,073	374	200		1,359,037
Commercial Deposits	18,126,103		17,701,731	12,082,163	173,276	515,975	28,850		48,628,098
Other Institutions Deposits	602,088		571,697	3,160,538	40,352	2,411	51,875		4,428,961
Precious Metals Deposits	46,013,605			1,055,562	150,880	6,508,325	311,651		54,040,023
Interbank Deposits	1,062,316		555,375	1,133,496	59	149,738	846,203		3,747,187
The Central Bank of the Republic of Turkey	480								480
Domestic Banks	198,421		450,260	538,289		148,477			1,335,447
Foreign Banks	863,350		105,115	595,207	59	1,261	846,203		2,411,195
Participations Banks	65								65
Other									
Total	285,308,452		63,571,802	207,127,207	14,817,736	10,684,006	14,110,458	8,715	595,628,376

Within the scope of the “Communique on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts” published by the CBRT in the Official Gazette dated 21.12.2021 and numbered 31696 and the press release of the Ministry of Treasury and Finance dated 21.12.2021, the Bank offers its customers a currency protected TL deposit product in the current period has begun. As of 31.12.2021, the amount of the currency protected deposit product opened in this context is TL 6,116,412.

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	21,210,302		6,277,095	59,511,073	2,134,712	449,790	751,497	8,557	90,343,026
Foreign Currency Deposits	85,173,313		13,672,849	82,906,004	4,267,728	1,600,498	8,243,988	1,263	195,865,643
Residents in Turkey	76,779,624		12,445,636	71,922,330	3,136,509	932,741	3,170,672	878	168,388,390
Residents Abroad	8,393,689		1,227,213	10,983,674	1,131,219	667,757	5,073,316	385	27,477,253
Public Sector Deposits	941,849		1,272	70,444	7,829	329	195		1,021,918
Commercial Deposits	12,898,520		7,822,448	14,259,436	191,959	1,924,058	9,691		37,106,112
Other Institutions Deposits	541,979		565,554	2,396,713	123,706	2,265	26,155		3,656,372
Precious Metals Deposits	32,152,261			390,882	87,716	4,013,730	163,286		36,807,875
Interbank Deposits	1,080,222		1,671,325	1,002,743	65,260	255,227	768		4,075,545
The Central Bank of the Republic of Turkey	510								510
Domestic Banks	113,549		754,461	192,488		180,729			1,241,227
Foreign Banks	957,065		916,864	810,255	65,260	74,498	768		2,824,710
Participations Banks	9,098								9,098
Other									
Total	153,998,446		30,010,543	160,537,295	6,878,910	8,245,897	9,195,580	9,820	368,876,491

a.2. Savings deposits which are under the guarantee of Savings Deposits Insurance Fund exceeding the insurance limit:

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Savings Deposits	54,291,725	47,354,070	56,062,849	41,824,890
Foreign Currency Savings Deposits	58,931,256	42,668,430	175,476,819	88,281,588
Other Deposits in the Form of Savings Deposits	19,430,372	17,580,279	31,613,866	17,357,298
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	6,751,204	4,157,656	3,869,864	1,683,372
Off-shore Banking Regions’ Deposits Under Foreign Authorities Insurance				



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a.3. Savings deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign Branches' Saving Deposits and Other Accounts	3,869,864	1,683,372
Deposits and Other Accounts held by Main Shareholders and their Relatives		
Deposits and Other Accounts of the Chairperson and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	29,224	28,274
Deposits and Other Accounts Covered by Assets Generated Through the Offenses Mentioned in Article 282 of the Turkish Criminal Code No,5237 and Dated 26 September 2004		
Deposits in the Banks to be Engaged Exclusively in Off-shore Banking in Turkey		

b. Information on Derivative Financial Liabilities Held for Trading:

Derivative Financial Liabilities at Fair Value Through Profit or Loss	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2,021,990	237,698	150,410	234,473
Swap Transactions	4,010,202	5,597,391	1,185,745	5,879,693
Futures				
Options	131,283	461,724		33,164
Other		126,245		451,000
Total	6,163,475	6,423,058	1,336,155	6,598,330

c. Banks and other financial institutions:

c.1. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds borrowed from the Central Bank of Turkey				12,010
Domestic banks and Institutions	667,413	7,245,047	613,999	3,573,917
Foreign banks, institutions and funds	1,837,639	55,901,327	1,499,128	34,732,291
Total	2,505,052	63,146,374	2,113,127	38,318,218

c.2. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	653,857	6,295,676	613,482	1,259,942
Medium and Long-term	1,851,195	56,850,698	1,499,645	37,058,276
Total	2,505,052	63,146,374	2,113,127	38,318,218

c.3. Information on funds borrowed:

Information on funds received through syndicated loans and securitization deals, which take a significant place among funds borrowed, are given below.

Syndication loans:

Date of Use	Funds Borrowed	Maturity
May, 2021	300,000,000 USD + 544,650,000 EUR	1 year
November, 2021	328,000,000 USD + 434,000,000 EUR	1 year

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Securitization deals:

The Bank obtained funds by way of putting on securitization deals all its claims and receivables based on diversified payment rights in USD, EUR and GBP through TIB Diversified Payment Rights Finance Company.

Information on funds received through securitization is given below.

Date	Structured Entity	Amount	Final Maturity	Remaining Debt Amount as at December 31, 2021
June 2012	TIB Diversified Payment Rights Finance Company	EUR 125,000,000	12 years	EUR 34,375,000
December 2013	TIB Diversified Payment Rights Finance Company	EUR 50,000,000	12 years	EUR 20,000,000
December 2014	TIB Diversified Payment Rights Finance Company	USD 220,000,000	14 years	USD 140,000,000
March 2015	TIB Diversified Payment Rights Finance Company	USD 75,000,000	7- 15 years	USD 18,000,000
October 2015	TIB Diversified Payment Rights Finance Company	USD 221,200,000	10 years	USD 103,687,500
October 2016	TIB Diversified Payment Rights Finance Company	USD 55,000,000	12 years	USD 37,560,964
December 2016	TIB Diversified Payment Rights Finance Company	USD 158,800,000	10-13 years	USD 91,290,954
December 2017	TIB Diversified Payment Rights Finance Company	USD 265,000,000	5- 7 years	USD 103,000,000
December 2017	TIB Diversified Payment Rights Finance Company	EUR 125,000,000	5 years	EUR 41,666,667
December 2017	TIB Diversified Payment Rights Finance Company	USD 125,000,000	9 years	USD 125,000,000

Other Transactions:

As of August 2014, in connection with the future cash flows securitization program amounting to USD 500 million on 10 years maturity, the bank has increased the total amount of the financial instrument USD 600 million by obtaining the same structured USD 100 million in September 2017.

d. Information on Debt Securities Issued (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	3,133,754		3,960,641	
Bonds	2,060,702	25,441,356	1,476,191	25,403,816
Total	5,194,456	25,441,356	5,436,832	25,403,816

e. Concentration on the Bank's liabilities:

64% of the Bank's liabilities consists of deposits, 7% of loans borrowed, 7% of securities issued and Tier II subordinated loans. Deposits have spread to a wide customer base with different characteristics. Borrowings are composed of funds obtained from various financial institutions through syndication, securitization, post-financing and money markets.

f. Information on Other Liabilities:

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

g. Information on Lease Payables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
1 Yıldan Az	17.713	17.177	20.892	19.984
1-4 Yıl Arası	171.033	143.594	79.957	72.306
4 Yıldan Fazla	3.642.905	1.539.668	3.243.262	1.296.927
Toplam	3.831.651	1.700.439	3.344.111	1.389.217

h. Explanations on Hedging Derivative Financial Liabilities:

The bank has no financial liabilities held for hedging derivatives.

i. Information on Provisions:

i.1. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee termination benefits is TL 8,284.51 (exact TL amount as at December 31, 2021), which is one month salary for each service year and cannot exceed the base wage ceiling for employee termination benefits. A provision for severance pay to allocate that employees need to be paid upon retirement is calculated by estimating the present value of probable amount. The liability of the Bank arising from severance payment is determined in accordance with the actuarial report prepared by an independent valuation company. As of December 31, 2021, provision amounting to TL 2,278,323 is reflected in the financial statements (December 31, 2020: TL 1,393,897).



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Main actuarial assumptions used in calculation of severance pay liability are as follows:

- In the calculation, the discount rate is 19.10%, the inflation rate is 15.07%, and the real wage increase rate is 2%.
- In the calculation, the ceiling of 8,284.51 TL (full TL amount) valid as of 31.12.2021 was taken as basis.
- Retirement age is taken into account as the earliest age at which individuals can retire.
- CSO 1980 mortality table is used for probability of death for women and men.

The movements related to provision for employee termination benefits are given below:

	Current Period	Prior Period
Present value of defined benefit obligation at the beginning of the period	1,393,897	1,168,051
Service Cost	94,375	81,633
Interest Cost	166,952	133,694
Benefits paid	(101,163)	(67,817)
Loss/(Gain) due to Settlements / Reductions / Terminations	11,064	6,045
Past Service Cost		3
Actuarial loss/(gain)	713,198	72,288
Defined benefit obligation at the end of the period	2,278,323	1,393,897

In addition to the employee termination benefits the Bank allocates provisions for the unused vacation pay liability. As of December 31, 2021, provision for unused vacation pay is amounting to TL 114,509 (December 31, 2020: TL 88,000).

i.2. Provisions for exchange losses in the principal amount of foreign currency indexed loans: Since foreign currency indexed loans are followed based on the rates on the lending date, the Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of December 31, 2021, and December 31, 2020, provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans is not available.

i.3. As of December 31, 2021, the Bank's specific provisions for indemnified non-cash loans balance is TL 1,214,355 (December 31, 2020: TL 694,245) which is allocated for the non-cash loans of companies whose loans are followed under "Non-performing Loans" accounts.

i.4. Information on other provisions:

i.4.1. Liabilities arising from retirement benefits:

Liabilities of pension funds founded as per the Social Security Act:

Within the scope of the explanations given in Section Three Note XVII, in the actuarial report which was prepared as of December 31, 2021 for Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund) by a licensed actuary, of which each Bank employee is a member, and which has been established according to the provisional Article 20 of the Social Security Act No. 506, the amount of actuarial and technical deficit stands at TL 6,095,055. As of the same date, a provision was reserved for this amount in the financial statements.

The above-mentioned actuarial audit, which was made in accordance with the principles of the related law, measures the cash value of the liability as of December 31, 2021, in other words; it measures the amount to be paid to the Social Security Institution by the Bank. Actuarial assumptions used in the calculation are given below.

- 9.8% technical deficit interest rate is used.
- 34.5% total premium rate is used.
- CSO 1980 woman/man mortality tables are used.

Below table shows the cash values of premium and salary payments of the Bank as of December 31, 2021, taking the health expenses within the Social Security Institution limits into account.

	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(15,810,869)	(12,863,517)
Net Present Value of Long Term Insurance Line Premiums	5,858,707	5,185,068
Net Present Value of Total Liabilities Other Than Health	(9,952,162)	(7,678,449)
Net Present Value of Health Liabilities	(1,873,541)	(1,564,560)
Net Present Value of Health Premiums	4,247,562	3,759,175
Net Present Value of Health Liabilities	2,374,021	2,194,615
Pension Fund Assets	1,483,086	1,247,723
Amount of Actuarial and Technical Deficit	(6,095,055)	(4,236,111)

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The assets of the pension fund are as follows.

	Current Period	Prior Period
Cash and Cash Equivalents	984,609	752,948
Securities Portfolio	439,018	439,787
Other	59,459	54,988
Total	1,483,086	1,247,723

Health benefits that are still being paid will be determined within the framework of the Social Security Institution legislation and related regulations with the transfer.

i.4.2. Provision of credit cards and promotion of banking services applications: As of December 31, 2021, the Bank has recognized provisions amounting to TL 108,873 for the amount which is recognized within the framework of credit card expenses of credit card customers or promotions for banking services. (December 31, 2020: TL 72,709).

i.4.3. As mentioned public disclosures of the Bank on December 31, 2012 and December 19, 2013; an inspection has been made by the inspectors of Tax Inspection Board to "Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı" ("İşbank Supplementary Pension Fund"), which was founded as per the provisions of the Turkish Commercial and Civil Codes, regarding the payments that fulfill İşbank's liabilities within the framework of the Articles of Foundation of the Pension Fund and the relevant legislation. As a result of this investigation, tax audit reports were prepared for the years 2007, 2008, 2009, 2010, 2011 claiming that the aforementioned liabilities should be taxed in terms of wage base, thus, they should be subject to withholding tax and stamp duty. According to this report, the total amount of tax and penalties notified to Bank was TL 74,353 for 2007 and 2008; and as of reporting date TL 151,899 for 2009, 2010 and 2011 and it was stated that the Bank applied to tax courts to cancel these tax notifications and some of the court decisions were determined in favor of the Bank and some others were determined against the Bank.

In this context, for the finalized decisions of Regional Administrative Courts related to the years 2007 and 2008 against the Bank, the Bank applied to the Constitutional Court. According to decisions made by Constitutional Court up to reporting date, there is no predictability in legal conformity for taxing the Bank's contributions to the Pension Fund in terms of wage base and for this reason it was accepted that property right of the Bank has been violated according to the 35th article of Constitution. The Court decided that the amount of tax, penalties and default interest which was paid by the Bank should be paid back to the Bank as for compensation with its legal interest.

According to the decision of the Constitutional Court, it is expected that the cases related to the periods 2007, 2008, 2009, 2010 and 2011 will conclude in favor of the Bank. In this context, the provisions amounting to TL 207,402 which had been allocated for the mentioned periods, reversed at 2015.

In the last decision of the constitutional court numbered 2016/2400 regarding the legal proceedings initiated upon the conclusion of the lawsuits amounting to TL 61,060 for the 20 periods in 2012 and 2013 against the bank; it was accepted that the predictability criterion was realized after the 2012 tax review, and it was concluded that the Bank's ownership rights were not violated for December 2012 and beyond periods. However, since the aforementioned periods were filed by making a reservation and paying taxes, the mentioned decision had no additional effect on the financial statements. In addition, at a case file, which was one of the lawsuits regarding the repayment of income tax stoppage and stamp tax which has been paid by reservation statement beginning from December 2013, of which its court decision was rendered in favor of the Bank, has been reversed by the majority of the votes of the Assembly after it was submitted to the General Assembly of Tax Courts. Regarding the mentioned periods, the legal process is ongoing.

Within the scope of these developments, the Bank recognized provisions amounting to TL 162,960 (December 31, 2020: TL 128,837).

i.4.4. In 1993, Dışbank A.Ş. shares which were owned by the Bank were sold to Lapis Holding A.Ş. In 2008, it was claimed that USD 52.6 million of the amount, which was paid upfront within the context of the sale agreement, had been provided from the funds of the insolvent TYT Bank A.Ş. by the buyer and payment of the mentioned amount as well as the interest to be calculated to the Savings Deposit Insurance Fund (SDIF) was demanded.

The administrative actions initiated by the SDIF in 2008 were revoked by Council of State Administrative Law Chambers 13th upon the application of the Bank. The decisions which were in favour of the Bank were reversed by Plenary Session of the Law Chamber upon the appeal of the SDIF. Council of State Administrative Law Chambers 13th decided to reject the applications of the Bank in January 2016 due to their obligation to obey the decisions of reversal.

After the aforementioned court decisions, although the legal process was still in progress, the collection procedures were carried out within the context of Law No. 6183 and TL 298,466 including the default interest, was collected from the Bank by the SDIF at prior periods and made provision for the whole amount.

As a part of the legal process, individual application to the Constitutional Court of Republic of Turkey has been made by the Bank was not concluded positively. On the other hand, the legal process is still ongoing within the framework of the ongoing lawsuits and other available legal options.

i.4.5. Except the other provisions indicated above, the Bank Management allocated free provision within conservatism principle, for negative circumstances which may arise from the possible changes that may arise in the economy and market conditions, amounting to TL 4,075,000 of which TL 2,875,000 provided in prior years and TL 1,200,000 was provided in the current period.



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j. Information on Tax Liability:

j.1. Information on current tax liability:

j.1.1. Information on tax provision:

Explanations in relation to taxation and tax calculations were stated in section three notes XVIII. As of 31.12.2021, the remaining corporate tax debt as a result of netting of temporary taxes paid with corporate tax liability is TL 1,051,363.

j.1.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	1,051,363	1,938,446
Tax on Securities Income	234,685	198,896
Tax on Real Estate Income	5,590	2,174
Banking Insurance Transaction Tax	324,422	191,585
Foreign Exchange Transaction Tax	117,926	18,192
Value Added Tax Payable	23,653	9,624
Other	65,785	54,557
Total	1,823,424	2,413,474

j.1.3. Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employees	267	218
Social Security Premiums – Employer	329	262
Bank Pension Fund Premiums – Employees		
Bank Pension Fund Premiums – Employer		
Pension Fund Membership Fees and Provisions-Employees		
Pension Fund Membership Fees and Provisions-Employer		
Unemployment Insurance – Employees	2,397	2,049
Unemployment Insurance – Employer	4,796	4,100
Others	6	4
Total	7,795	6,633

j.2. Information on deferred tax liabilities: None.

k. Information on Payables for Assets Held for Sale and Discontinued Operations

The Bank does not have any payables for assets held for sale and discontinued operations.

l. Information on subordinated loans

Bank has issued subordinated debt securities, to be included in the contribution capital calculation, with the following nominal values;

- 10 year-term in the amount of USD 1,000,000 with interest rate of 6% on October 24, 2012, 10 year-term in the amount of USD 400,000,000 with interest rate of 7.85% on December 10, 2013, 11 year-term having a call option on 6th year in the amount of USD 500,000,000 with interest rate of 7% on June 29, 2017 and 10 year-term having a call option on 5th year in the amount of USD 750,000,000 with interest rate of 7.75% on January 22, 2020 for the purpose of making available to the individuals and legal persons who are resident abroad,
- TL 1,100,000,000 on August 8, 2017, TL 800,000,000 June 19, 2019 and TL 350,000,000 September 26, 2019 (Full TL amount) each with a 10-year maturity and floating interest rates for qualified investors without being offered to the public in Turkey.

The total of the aforementioned debt securities is TL 37,470,997 as of December 31, 2021 (December 31, 2020: TL 22,138,559).

	Current Period		Prior Period	
	TP	FC	TP	FC
Debt Instruments To Be Included In Additional Capital Calculation				
Subordinated Loans				
Subordinated Debt Instrument				
Debt Instruments To Be Included In Contribution Capital Calculation	2,296,445	35,174,552	2,286,510	19,852,049
Subordinated Loans				
Subordinated Debt Instrument	2,296,445	35,174,552	2,286,510	19,852,049
Total	2,296,445	35,174,552	2,286,510	19,852,049

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m. Information on shareholders’ equity:

m.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common shares	4,499,970	4,499,970
Preferred shares	30	30
Total	4,500,000	4,500,000

m.2. Explanation as to whether the registered share capital system ceiling is applicable at the Bank, if so, the amount of registered share capital:

Capital System	Paid-in Capital	Ceiling
Registered Capital System	4,500,000	10,000,000

m.3. The capital increase made in current period: None.

m.4. Information on capital increase through transfer from capital reserves during the current period: None.

m.5. Significant commitments of the Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: There is no capital commitment.

m.6. Information regarding the shares of the company acquired: The Bank has repurchased shares amounting to TL 530,307 in accordance with the Board of Directors Decision dated August 17, 2018.

m.7. Previous periods’ indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Bank’s equity: The Bank’s balance sheet is managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level.

m.8. Privileges Granted to Shares:

Turkish Commercial Law and related registration are kept conditionally;

Group (A) shares each with a nominal value of 1 Kurus have the privileges of;

- Receiving 20 times the number of shares in the distribution of bonus shares issued from conversion of extraordinary and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation)
- Exercising the preference rights as 20 times (Article 19 of the Articles of Incorporation), and

Despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 Kurus, have the same rights with the Group (C) shares having a nominal value of 4 Kurus each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 Kurus, are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

m.9. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets At Fair Value Through Other Comprehensive Income	3,390,517	(2,730,702)	1,309,647	(176,091)
Valuation Difference	4,232,605	(3,353,951)	1,631,517	(219,884)
Deferred Tax Effect	(842,088)	623,249	(321,870)	43,793
Foreign Exchange Differences				
Total	3,390,517	(2,730,702)	1,309,647	(176,091)

n. Information on Dividend Distribution:

At the Bank’s Ordinary General Assembly, held on March 31, 2021, it was decided to allocate net profit from operating activities of 2020, amounting to TL 6,810,917 as follows;

- Adding the sales profit amounting to TL 6,262 from the disposed real estates in the accounting period; recorded under retained earnings within the framework of the relevant accounting standard.
- The total amount of TL 152,066, which includes TL 17,066 from real estate sales profits to be added to the capital and TL 135,000 from the amount allocated as venture capital fund, of the balance sheet profit to be distributed amounting to TL 6,817,179 allocation as special reserve fund,
- of the amount as a basis for distribution of TL 6,665,113;
- TL 681,088 to A, B and C group shares as cash,
- TL 4 to the founding shares as cash,
- TL 134,324 as cash dividend to employees to be distributed,
- TL 5,849,697 as legal and extraordinary reserves to be reserved,

has been decided. As at March 31, 2021; TL 6,001,763 was transferred to reserves account, cash dividends were distributed to the shares other than the shares acquired by the Bank, as of April 2, 2021.

Since the Bank’s Ordinary General Assembly Meeting for 2021 has not been held as of the report date, the profit from the activities of the aforementioned period has not been distributed.



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III. Disclosures And Footnotes On Off Balance Sheet Items

a. Explanations to Liabilities Related to Off-Balance Sheet Items:

a.1. Types and amounts of irrevocable loan commitments:

Commitment for customer credit card limits amounts to TL 46,524,830 and commitment to pay for cheque leaves amounts to TL 3,291,900. The amount of commitment for the forward purchase of assets is TL 13,624,944 and for the forward sale of assets is TL 13,461,257.

a.2. The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

As of December 31, 2021, the Bank’s provisions for indemnified non-cash loans balance is TL 1,214,255 (December 31, 2020: TL 694,245) which is allocated for the non-cash loans of companies whose loans are followed under “Non-performing Loans” accounts. Commitments are shown in the table of “off-balance sheet items”.

a.3. Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	14,781,851	9,459,703
Letters of Credit	42,895,203	19,537,281
Other Guarantees	4,260,876	3,145,340
Total	61,937,930	32,142,324

a.4. Certain guarantees, provisional guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Letters of Tentative Guarantees	1,708,305	1,546,664
Letters of Certain Guarantees	71,821,482	48,468,139
Letters of Advance Guarantees	12,802,694	7,724,665
Letters of guarantee given to customs offices	6,090,285	6,556,617
Other Letters of Guarantee	39,074,727	23,136,805
Total	131,497,493	87,432,890

a.5. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	39,074,716	23,136,802
With Original Maturity of 1 Year or Less	9,466,630	3,374,827
With Original Maturity More Than 1 Year	29,608,086	19,761,975
Other Non-cash Loans	154,360,707	96,438,412
Total	193,435,423	119,575,214

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a.6. Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	296,207	0.64	574,535	0.39	189,630	0.48	331,934	0.42
Farming and Livestock	199,806	0.43	229,323	0.16	155,107	0.39	68,163	0.09
Forestry	82,391	0.18	1,734	0.00	27,935	0.07	9	0.00
Fishery	14,010	0.03	343,478	0.23	6,588	0.02	263,762	0.33
Industry	12,116,069	26.30	88,813,291	60.27	11,217,718	28.22	46,398,363	58.12
Mining and Quarrying	320,342	0.70	928,731	0.63	182,761	0.46	638,665	0.80
Manufacturing Industry	8,066,185	17.50	79,892,456	54.21	7,049,096	17.73	40,451,308	50.67
Electricity, Gas, Water	3,729,542	8.10	7,992,104	5.43	3,985,861	10.03	5,308,390	6.65
Construction	7,521,162	16.33	20,920,930	14.20	4,443,454	11.18	11,402,539	14.28
Services	25,865,094	56.15	36,245,354	24.59	23,704,537	59.64	21,231,780	26.60
Wholesale and Retail Trade	15,532,556	33.72	17,777,209	12.06	15,091,119	37.97	10,445,618	13.09
Hotel and Restaurant Services	450,043	0.98	1,711,937	1.16	329,800	0.83	814,125	1.02
Transport and Communications	3,081,863	6.69	7,815,025	5.30	2,388,311	6.01	4,323,220	5.42
Financial Institutions	4,543,921	9.86	6,974,597	4.73	3,984,452	10.02	3,569,322	4.47
Real Estate and Rental Services.	1,418,515	3.08	1,340,206	0.91	1,286,263	3.24	1,538,899	1.93
Self-Employment Services	502,777	1.09	303,205	0.21	383,396	0.96	89,705	0.11
Education Services	73,900	0.16	5,300	0.00	57,331	0.15	1,426	0.00
Health and Social Services	261,519	0.57	317,875	0.22	183,865	0.46	449,465	0.56
Other	267,825	0.58	814,956	0.55	191,389	0.48	463,870	0.58
Total	46,066,357	100	147,369,066	100	39,746,728	100	79,828,486	100

a.7. Non-cash Loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans	44,473,483	143,129,984	1,341,644	3,079,264
Letters of Guarantee	44,209,792	81,677,052	1,335,253	2,928,004
Bank Acceptances	111,350	14,656,595		13,906
Letters of Credit	152,341	42,600,166	6,391	134,859
Endorsements				
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties		4,196,171		2,495

b. Explanation on Derivative Financial Instruments:

Majority of the Bank’s derivative transactions comprise foreign currency and interest rate swaps, forward foreign exchange trading, and currency and interest rate options. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as “fair value through profit or loss” within the framework of IFRS 9 “Financial Instruments”.

c. Explanations Related to Contingencies and Commitments:

Balance of the “Other Irrevocable Commitments” account, which comprised the letters of guarantees, guarantees and commitments submitted by the Bank pursuant to its own internal affairs, and guarantees given to third parties by other institutions in favor of the Bank and the commitments due to housing loans extended within the scope of unfinished house projects followed amounts to TL 18,241,104.

The cheques given to customers is presented under off balance sheet commitments, as per the related regulations is amounting to TL 3,291,900. In case the cheques presented for payment to beneficiaries are not covered, the Bank will be obliged to pay the uncovered amount up to TL 1,680 (in exact TL amount) for the cheques that are subject to the Law numbered 3167 on “the Regulation of Payments by Cheque and Protection of Cheque Holders”, and up to TL 2,670 (in exact TL amount) for the cheques that are subject to the “Cheque Law” numbered 5941. The uncollected amount will be followed under “Indemnified Non-Cash Loans”.

d. Explanations related to transactions made on behalf of or on the account of others:

It is explained in Note X under Section Four.



Türkiye İş Bankası A.Ş.

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IV. Disclosures And Footnotes On Statement Of Income

a. Interest Income

a.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	9,588,271	1,260,182	5,386,490	782,646
Medium and Long-term Loans	24,105,926	8,549,468	17,841,576	7,310,803
Interest on Non-performing Loans	944,278	130	611,055	55,016
Premiums Received from State Resource Utilization Support Fund				
Total	34,638,475	9,809,780	23,839,121	8,148,465

(*) Includes fee and commission income on cash loans.

a.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey				3,006
Domestic Banks	71,739	528	55,354	2,277
Foreign Banks	31,889	29,548	10,886	62,510
Foreign Head Offices and Branches				
Total	103,628	30,076	66,240	67,793

a.3. Information on interest income from securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	52,159	75,959	23,168	4,321
Financial Assets at Fair Value Through Other Comprehensive Income	8,216,820	1,204,383	5,244,238	917,014
Financial Assets Measured at Amortised Cost	5,757,657	127,244	3,962,685	124,598
Total	14,026,636	1,407,586	9,230,091	1,045,933

a.4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	613,651	439,591

b. Interest Expense

b.1. Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	315,064	991,290	211,590	950,388
Central Bank of Turkey				1,667
Domestic Banks	88,398	138,803	59,876	79,944
Foreign Banks	226,666	852,487	151,714	868,777
Foreign Head Offices and Branches				
Other Institutions		223,920		286,023
Total (*)	315,064	1,215,210	211,590	1,236,411

(*) Includes fee and commission expenses from cash loans.

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b.2. Information on interest paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	409,674	325,684

b.3. Information on interest paid on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued	1,260,390	3,501,106	1,110,714	2,861,369

b.4. Information on Interest Expense on Deposits According to Maturity Structure:

Current Period	Demand Deposits	Time Deposits						Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year	Accumulated Deposits	
TL								
Bank Deposits		236,834	109,341					346,175
Savings Deposits	10	1,089,360	10,622,231	622,976	87,086	115,091	645	12,537,399
Public Sector Deposits		1,257	11,337	328	47	9		12,978
Commercial Deposits	58	1,811,687	2,203,211	59,735	285,246	3,697		4,363,634
Other Institutions Deposits		44,565	438,198	51,297	446	4,064		538,570
Deposits with 7 Days Notice								
Total	68	3,183,703	13,384,318	734,336	372,825	122,861	645	17,798,756
FC								
Foreign Currency Deposits	89	18,582	177,776	6,848	3,396	62,602	1	269,294
Bank Deposits	88	327	457	307	495	380		2,054
Deposits with 7 Days Notice								
Precious Metals Deposits			3,363	411	10,611	637		15,022
Total	177	18,909	181,596	7,566	14,502	63,619	1	286,370
Grand Total	245	3,202,612	13,565,914	741,902	387,327	186,480	646	18,085,126

Prior Period	Demand Deposits	Time Deposits						Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year	Accumulated Deposits	
TL								
Bank Deposits	74	114,908	67,871	4,170	772			187,795
Savings Deposits	1	516,129	5,217,171	212,256	50,900	95,003	817	6,092,277
Public Sector Deposits		571	4,704	363	9	11		5,658
Commercial Deposits	24	887,694	1,340,325	45,680	145,999	6,125		2,425,847
Other Institutions Deposits	1	33,334	239,748	31,626	7,996	385		313,090
Deposits with 7 Days' Notice								
Total	100	1,552,636	6,869,819	294,095	205,676	101,524	817	9,024,667
FC								
Foreign Currency Deposits	95	34,528	302,570	17,640	11,750	105,814	12	472,409
Bank Deposits	63	1,537	1,764	987	1,468	1,561		7,380
Deposits with 7 Days' Notice								
Precious Metals Deposits			2,332	453	12,719	1,105		16,609
Total	158	36,065	306,666	19,080	25,937	108,480	12	496,398
Grand Total	258	1,588,701	7,176,485	313,175	231,613	210,004	829	9,521,065



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c. Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss	9,176	6,670
Financial Assets at Fair Value Through Other Comprehensive Income	11,559	14,817
Other		
Total	20,735	21,487

d. Information on trading income/losses (Net):

	Current Period	Prior Period
Income		
Securities Trading Gains	381,403	344,909
Gains on Derivative Financial Instruments (*)	33,122,723	10,221,141
Foreign Exchange Gains	1,931,276,362	608,874,079
Losses (-)		
Securities Trading Losses	24,296	8,971
Losses on Derivative Financial Instruments (*)	34,168,985	20,611,578
Foreign Exchange Losses	1,935,736,334	602,160,937
Trading Income /Losses (Net)	(5,149,127)	(3,341,357)

(*) Income arising from foreign currency changes related to derivative transactions amounts to TL 28,826,011 and the losses amount to TL 30,043,929 and the amount of net losses TL 1,217,918 (December 31, 2020 profit: TL 5,574,364, loss: TL 15,102,319).

e. Information on other operating income:

Other operating income mainly consists of expected credit loss reversals or collections from Stage 3 loans, and income from fees received from customers in return for various banking services and sales of fixed assets.

f. Information on expected credit loss and other provision expense:

	Current Period	Prior Period
Expected Credit Loss	10,837,246	10,213,836
12 Month Expected Credit Loss (Stage I)	1,247,511	1,323,697
Significant Increase in Credit Risk (Stage II)	3,781,961	4,307,187
Non-performing Loans (Stage III)	5,807,774	4,582,952
Impairment Losses on Marketable Securities	16,416	20,047
Financial Assets at Fair Value Through Profit or Loss	14,145	2,129
Financial Assets at Fair Value Through Other Comprehensive Income	2,271	17,918
Impairment Losses on Associates, Subsidiaries and Joint-Ventures		
Associates		
Subsidiaries		
Jointly Controlled Entities		
Other (*)	3,596,505	2,496,037
Total	14,450,167	12,729,920

(*) The amount of current period consists of provision for impairment loss for financial assets at fair value through profit or loss and the free provision expense of TL 1,200,000.

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f. Other operating expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits	171,229	153,557
Bank Pension Fund Deficit Provisions	1,858,944	742,085
Impairment Losses on Tangible Assets	5,795	
Depreciation Expenses of Tangible Assets	686,512	607,672
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		
Amortization Expenses of Intangible Assets	334,798	233,969
Impairment Losses on Equity Accounted Investments		
Impairment Losses on Assets to be Disposed		5,320
Depreciation Expenses of Assets to be Disposed		
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations		
Other Operating Expenses	4,279,084	3,219,275
Leasing Expenses Related to Exceptions to IFRS 16	116,435	99,885
Repair and Maintenance Expenses	237,531	194,017
Advertisement Expenses (*)	286,996	207,975
Other Expenses (*)	3,638,122	2,717,398
Loss on Sale of Assets	1,799	1,836
Other (**)	2,206,847	1,641,283
Total	9,545,008	6,604,997

(*) The amount of expenditure made by the Bank within the scope of donation, aid and social responsibility projects in the current period is TL 78,991 (December 31, 2020:TL 101,099).

(**)In the current period the part of the related item amounting to TL 466,924 is comprised of expenses of fees, taxes, pictures and funds.

i. Information on provision for taxes from continuing and discontinued operations

The Bank's profit before tax arises from continuing activities. As of 31 December 2021, TL 30,941,269 of the profit before tax consists of net interest income, TL 7,619,945 of net fee and commission income, and the total of personnel expenses and other operating expenses is TL 15,911,689.

j. Information on provision for taxes from continuing and discontinued operations

As of December 31, 2021, the amount of the Bank's tax provision is TL 2,007,986 and the amount consists of current tax expense that is amounting to TL 1,103,778 and consists of deferred tax expense amounting TL 904,208.

k. Information on Net Operating Profit/Loss after Net Profit/Loss from Continuing and Discontinued Operations:

The Bank's net profit made from its continuing operations as of December 31, 2021 amounts to TL 13,467,895.

l. Information on net period profit/loss:

l.1. Income and expenses resulting from ordinary banking activities: There is no specific issue required to be disclosed for the Bank's performance for the nine-month period between January 1, 2021 – December 31, 2021.

l.2. Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

l.3. "The other" item which is located at the bottom of "Fees and Commissions Received" in the income statement consist of various fees and commissions received from transactions such as credit card transactions, capital market transactions.

m. Explanation on other items on the income statement:

Other items do not exceed 10% of the total amount of the income statement.

n. Fees for services received from an independent audit firm:

In accordance with the decision of public oversight, accounting and auditing standards authority dated 26.03.2021, the fees for the reporting period regarding the services received from the independent auditor or independent audit firm are given in the table below. In addition to the Bank, the fees for services rendered to the Bank's domestic/foreign subsidiaries and jointly controlled partnerships are included in the aforementioned fees, which are stated as VAT excluded.

	Current Period	Prior Period
Independent audit fee for the reporting period	22,282	18,148
Other Assurance Services and Other Non-Audit Fees	5,709	2,898
Total	27,991	21,046



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V. Disclosures And Footnotes On Statement Of Changes In Shareholders' Equity

The paid-in capital is TL 4,500,000 in legal records. As of balance sheet date, the balance of legal reserves is TL 5,065,786 and the balance of extraordinary reserves is TL 41,015,229.

Detail of the securities increase fund is explained in Section Five Note II-m.9 and TL 218,839 of this amount is the deferred tax effect on financial assets at fair value through other comprehensive income (31 December 2020: TL (278,077)).

Revaluation value increase of TL 500.773 in total for the real estates classified under tangible fixed assets but not within the scope of TAS 40-Investment Property, due to the fact that the Bank is in its own use in its consolidated financial statements, is reflected in the unconsolidated financial statements prepared as of 31 December 2021, in TAS 27-Individual Financial Within the scope of the tables, it is classified under the item “increase/decrease due to other changes” in the statement of changes in shareholders' equity.

VI. Disclosures And Footnotes On Statement Of Cash Flows

The operating profit to TL 14,064,345 before the changes in operating assets and liabilities mostly comprised of TL 54,774,522 of interest received from loans and securities, and TL 28,575,621 of interest paid on deposits, loans, money market transactions and marketable securities borrowed by the Bank. The account “Other” classified under operating profit other than fees and commissions paid, cash payments to personnel and service suppliers and taxes paid consists of other operating expenses, exchange and derivative gains/losses accounts is TL 13,095,475 (December 31, 2020: TL (8,449,586)).

Net Increase (Decrease) in Other Liabilities account classified in changes of assets and liabilities resulting from the changes in Funds Provided Under Repurchase Agreements, miscellaneous payables, other liabilities and taxes, duties, charges, and premiums increase as TL 31,617,097 (December 31, 2020: TL 24,090,297 increase).

Net Cash Provided from Other Investing Activities account includes net cash flows from sale of intangible assets and declined by TL 748,958 (December 31, 2020: TL 650,792 decrease).

The effect of changes in foreign exchange rates on cash and cash equivalents is TL (1,171,636) as of December 31, 2021 (December 31, 2020: TL (1,105,433)). Due to the high rate of turnover of related foreign currency assets, the difference between the last 30 days’ arithmetic average of currency exchange rates and the year-end currency exchange rate is used to calculate the effect of change in foreign exchange rate.

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, precious metals, money market operations as well as demand and timed up to 3 months are defined as cash and cash equivalents.

Cash and cash equivalents at beginning of the period:

	Current Period	Prior Period
	December 31, 2020	December 31, 2019
Cash	32,467,082	29,616,634
Cash in TL and Foreign Currency	9,102,557	5,489,353
Central Bank of Turkey and Other	23,364,525	24,127,281
Cash Equivalents	12,894,826	12,260,667
Banks’ Demand Deposits and Time Deposits Up to 3 Months	12,894,826	12,260,667
Money Market Receivables		
Total Cash and Cash Equivalents	45,361,908	41,877,301

The total amount resulting from the transactions made in the previous period shows the total cash and cash equivalents as of the beginning of the current period.

Cash and cash equivalents at end of the period:

	Current Period	Prior Period
	December 31, 2020	December 31, 2019
Cash	96,225,661	32,467,082
Cash in TL and Foreign Currency	14,810,443	9,102,557
Central Bank of Turkey and Other	81,415,218	23,364,525
Cash Equivalents	18,668,788	12,894,826
Banks’ Demand Deposits and Time Deposits Up to 3 Months	18,668,788	12,894,826
Money Market Receivables		
Total Cash and Cash Equivalents	114,894,449	45,361,908

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VII. Disclosures And Footnotes On The Bank’s Risk Group

a. Information on the volume of transactions relating to the Bank’s risk group, incomplete loan and deposit transactions and period’s profit and loss:

a.1. Information on loans held by the Bank’s risk Group

Current Period:

Bank’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	5,368,800	9,877,227			2,585,068	494,875
Balance at the end of the period	6,287,638	16,814,945			4,452,442	608,277
Interest and commission income received	612,064	6,879			232,067	8,628

Prior Period:

Bank’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	1,735,386	5,971,958			3,855,442	658,330
Balance at the end of the period	5,368,800	9,877,227			2,585,068	494,875
Interest and commission income received	438,338	4,916			157,039	7,028

a.2. Information on deposits held by the Bank’s risk group:

Bank’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the period	8,875,726	4,354,282	157,226	8,896	1,409,177	7,768,540
Balance at the end of the period	12,421,537	8,875,726	302,826	157,226	2,053,129	1,409,177
Interest expense on deposits	248,189	160,986	25,060	4,833	52,100	89,244

a.3. Information on forward and option agreements and other similar agreements made with the Bank’s risk group:

Banka’nın Dahil Olduğu Risk Grubu	İştirak, Bağlı Ortaklık ve Birlikte Kontrol Edilen Ortaklıklar (İş Ortaklıkları)		Bankanın Doğrudan ve Dolaylı Ortakları		Risk Grubuna Dahil Olan Diğer Gerçek ve Tüzel Kişiler	
	Cari Dönem	Önceki Dönem	Cari Dönem	Önceki Dönem	Cari Dönem	Önceki Dönem
Transactions at Fair Value Through Profit and Loss						
Beginning of the period	1,574,671	1,192,862				399,392
End of the period	1,966,285	1,574,671			4,033	
Total Profit/Loss	(62,997)	(70,139)			(2,179)	(12,541)
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						



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b. Disclosures for Bank's risk group:

In accordance with the relevant decision of the Banking Regulation and Supervision Agency, the special purpose entity and the mentioned company's subsidiary Türk Telekom A.Ş, are not included in the Bank's risk group, where details are disclosed in Section V, footnote I.b.3 and I.r.

b.1. The relation of the Bank with corporations in its risk group and under its control regardless of whether there are any transactions between the parties:

All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

b.2. The type and amount of transaction carried out, and its ratio to the overall transaction volume, values of principal items and their ratios to overall items, pricing policy and other items in addition to the structure of the relationship:

The transactions carried out are mainly loan and deposit transactions. The ratio of loans extended to the risk group to the overall cash loans is 2.18%, while the ratio (excluding NPL) to the overall assets is 1.16%; the ratio of deposits of the risk group corporations to the overall deposits is 2.48%, while the ratio to overall liabilities is 1.59%, the comparable pricing method is used for the transactions.

b.3. Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals, and management agreements:

Security purchases are made by İş Finansal Kiralama A.Ş., a subsidiary of the Bank, through leasing activities when required. The Parent Bank's branches act as agents of Anadolu Anonim Türk Sigorta Şirketi and Anadolu Hayat Emeklilik A.Ş. Furthermore, through its branches, the Bank mediates the order transmission for İş Yatırım Menkul Değerler A.Ş. and carries out agency activities of İş Portföy Yönetimi A.Ş.

If requested, cash and non-cash loan requirements of corporations within the risk group are met in accordance with the limits imposed by the Banking Law and the prevailing market conditions.

b.4. As of December 31, 2021, total worth of the shares, which the Bank purchased from its subsidiaries that are traded on Istanbul Stock Exchange, and accounted under the Financial Assets at Fair Value Through Profit or Loss in accordance with the Board of Directors decision dated December 25, 2015 and relevant following decisions is TL 207,050 (December 31, 2020: TL 147,183).

c. Total salaries and similar benefits paid to the (executive members and senior executives)

In the current period, the net payment provided to the key management amounts is TL 46,975 (December 31, 2020: TL 36,814).

VIII. Disclosures On The Bank's Domestic, Foreign, Off-Shore Branches Or Associates And Foreign Representative Offices

	Number	Employees			
			Country of Incorporation		
Domestic Branches (*)	1.174	22.470			
Foreign Representative Offices	1	3	China		
	1	2	Egypt		
				Total Assets	Legal Capital
Foreign Branches	2	45	England	41,179,719	1,765
	14	205	T.R.N.C.	15,362,143	80,000
	2	39	Iraq	4,401,749	588,024
	2	32	Kosovo	2,322,319	148,390
	1	6	Bahrain	10,609,478	
Off-Shore Branches					

(*) The Branches located in Free Trade Zones in Turkey are included among domestic branches.

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IX. Subsequent Events

Within the scope of the decision of the Board of Directors regarding the issue of debt instrument on September 6, 2021, the Bank issued a financial bond with a nominal value of TL 2,562,362 after December 31, 2021.

Section Six: Other Explanations

i. Explanations On The Bank's Credit Ratings:

	Rating	Outlook (*)
MOODY'S		
Long-term Foreign Currency Deposit	B3	Negative
Long-term Local Currency Deposit	B3	Negative
Long-term Foreign Currency Senior Debt	B3	Negative
Short-term Foreign Currency Deposit	NP	-
Short-term Local Currency Deposit	NP	-
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	B+	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Stable
Viability Rating	b+	-
Government Support Rating	b-	-
STANDARD & POOR'S		
Long-term Counterparty Credit Rating	B+	Negative
Short-term Counterparty Credit Rating	B	-
Long-term National Scale Rating	trA+	-
Long-term Local Currency Issuer Default Rating	trA-1	-

The dates when the Bank's credit ratings/outlooks were last updated are given below:

Moody's: 10.12.2020, Fitch Ratings: 10.12.2021, Standard & Poor's: 15.12.2021

(*) Outlook:

"Stable" indicates that the current rating will not be changed in the short term; "positive" indicates that the current rating is very likely to be upgraded and "negative" indicates that the current rating is very likely to be downgraded.

Section Seven: Explanations On The Auditors' Independent Audit Report

I. Explanations On The Auditors' Independent Audit Report:

The unconsolidated financial statements and disclosures for the period ended December 31, 2021 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) and the independent auditors' report dated February 8, 2020 is presented preceding the unconsolidated financial statements.

II. Explanations And Footnotes Of The Independent Auditors Report

There are no significant issues or necessary disclosures or notes in relation to the Bank's operations other than those mentioned above.

Türkiye İş Bankası Anonim Şirketi Consolidated Financial Statements As at and For the Year Ended December 31, 2021

This report includes "Independent Auditor's Report" comprising 6 pages and; 'Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 142 pages.

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



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INDEPENDENT AUDITOR'S REPORT

Audit of Consolidated Financial Statements

To the Board of Directors of Türkiye İş Bankası Anonim Şirketi;

Qualified Opinion

We have audited the accompanying consolidated financial statements of Türkiye İş Bankası A.Ş (the Bank) and its subsidiaries (collectively referred as "The Group"), which comprise the consolidated statement of balance sheet as at December 31, 2021, and the consolidated statement of income, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of "Turkish Financial Reporting Standards" (TFRS) for the matters which are not regulated by these regulations.

Basis of Qualified Opinion

As explained in Section Five Part II-i.4.6 and IV.e, the accompanying consolidated financial statements as at December 31, 2021 include a free provision at an amount of TL 4,075,000 thousands of which TL 2,875,000 thousands was provided in prior years and TL 1,200,000 thousands provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified section we have determined the matters described below to be the key audit matters to be communicated in our report.



INDEPENDENT AUDITOR’S REPORT

Key Audit Matter	How the Key Audit Matter is addressed in our audit
TFRS 9 “Financial Instruments” Standard and recognition of impairment on financial assets and related significant disclosures	
<p>As presented in Section III disclosure VIII, the Group recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none">▪ Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements.▪ There are complex and comprehensive requirements of TFRS 9.▪ The classification of the financial assets is based on the Group's business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Group uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments.▪ The Group's determines fair value of its financial assets, reflected at fair value in accordance with the relevant business model category, according to Level 3 if there are financial inputs that are not observable in the fair value measurement and that contain significant estimates and assumptions.▪ Policies implemented by the Group management include compliance risk to the regulations and other practices.▪ Processes of TFRS 9 are advanced and complex.▪ Judgements and estimates used in expected credit loss, complex and comprehensive.▪ Disclosure requirements of TFRS 9 are comprehensive and complex.	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none">▪ Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group's past experience, local and global practices.▪ Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists.▪ Evaluating the reasonableness and appropriateness of management's key estimates and judgements in expected credit loss calculations including the responses to COVID-19, through selection of methods, models, assumptions and data sources.▪ Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group's Business model.▪ Reviewing the Group's classification and measurement models of the financial instruments (financial instruments determined as Level 3 according to fair value hierarchy) and comparing with TFRS 9 requirements▪ Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Group's past performance, regulations, and other processes that has forward looking estimations.▪ Evaluating the impact of the COVID-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses together with forward-looking estimates and significant assumptions.▪ Assessing the completeness and the accuracy of the data used for expected credit loss calculation.▪ Testing the mathematical accuracy of expected credit loss calculation on sample basis.▪ Evaluating the judgments and estimates used for the individually assessed financial assets.▪ Evaluating the accuracy and the necessity of post-model adjustments.▪ Auditing of TFRS 9 disclosures.

INDEPENDENT AUDITOR’S REPORT

Pension Fund Obligations	
<p>Employees of the Group are members of “Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı”, (“the Fund”), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the “Section Three Note XX.2” to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the “Council of Ministers” on the determination of the mentioned transfer date is changed as “President” in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018. According to the technical balance sheet report as at December 31, 2021 prepared considering the related articles of the Law regarding the transferrable benefit obligations for the non- transferrable social benefits and payments which are included in the articles of association, the Fund has an actuarial and technical deficit which is fully provisioned for.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Group Management uses Fund actuaries to assist in assessing these assumptions.</p> <p>Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p>	<p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefit plans during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial auditor of our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary.</p> <p>We further focused on the accuracy and adequacy of the Bank’s provision provided for the deficit and also disclosures on key assumptions related to pension fund deficit.</p>

Derivative Financial Instruments	
<p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in “Section Five Note I.c.” and “Section Five Note II.b”.</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the Group management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of another entity who are in the same audit network within our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.</p>



INDEPENDENT AUDITOR’S REPORT

Responsibilities of Management and Directors for the Consolidated Financial Statements

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

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

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

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

In an independent audit, the responsibilities of us as independent auditors are:

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

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

- In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 1610; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2020 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.
- In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Fatma Ebru Yücel, SMMM
Sorumlu Denetçi

February 8, 2022
İstanbul, Türkiye

Türkiye İş Bankası A.Ş.

The Consolidated Financial Report As At And For The Year Ended December 31, 2021

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The consolidated financial report as at and for the year ended prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, comprises the following sections:

GENERAL INFORMATION ABOUT THE PARENT BANK

CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK

EXPLANATIONS ON THE ACCOUNTING POLICIES

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP

DISCLOSURES AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER EXPLANATIONS

INDEPENDENT AUDITOR'S REPORT

Associates, subsidiaries and structured entities whose financial statements have been consolidated in the consolidated financial report are as follows:

Subsidiaries	Associates
ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ	ARAP-TÜRK BANKASI A.Ş.
ANADOLU HAYAT EMEKLİLİK A.Ş.	
EFES VARLIK YÖNETİM A.Ş.	
İŞ FAKTORİNG A.Ş.	
İŞ FİNANSAL KİRALAMA A.Ş.	
İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.	
İŞ PORTFÖY YÖNETİMİ A.Ş.	
İŞ YATIRIM MENKUL DEĞERLER A.Ş.	
İŞ YATIRIM ORTAKLIĞI A.Ş.	
İSBANK AG	
JOINT STOCK COMPANY İSBANK (JSC İSBANK)	
JOINT STOCK COMPANY İSBANK GEORGIA (JSC İSBANK GEORGIA)	
MAXİS GİRİŞİM SERMAYESİ PORTFÖY YÖNETİMİ A.Ş.	
MAXİS INVESTMENTS LTD.	
MİLLİ REASÜRANS T.A.Ş.	
MOKA ÖDEME VE ELEKTRONİK PARA KURULUŞU A.Ş.	
TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
TÜRKİYE SİNAI KALKINMA BANKASI A.Ş.	
YATIRIM FİNANSMAN MENKUL DEĞERLER A.Ş.	
YATIRIM VARLIK KİRALAMA A.Ş.	
Structured Entities	
TİB DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY	

The consolidated yearended financial statements and related disclosures and footnotes in this report are prepared, in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks. Banking Regulation and Supervision Agency (BRSA) regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated the accompanying consolidated financial report is presented in thousands of Turkish Lira (TL) and has been subjected to independent audit and presented as the attached.

Ersin Önder Çiftçioglu
Member of the Board and
the Audit Committee

Ali Tolga Ünal
Head of Financial
Management Division

Yusuf Ziya Toprak
Deputy Chairperson of the Board
of Directors and Chairperson of
the Audit Committee

Gamze Yalçın
Deputy Chief Executive
In Charge of Financial Reporting

Adnan Bali
Chairperson of the Board of Directors

Hakan Aran
Chief Executive Officer

The authorized contact person for questions on this consolidated financial report:
Name – Surname / Title: Neşe Gülden Sözdinler / Head of Investor Relations and Contunity Division
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Türkiye İş Bankası A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended December 31, 2021

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

SECTION ONE: GENERAL INFORMATION ABOUT THE PARENT BANK

I. Explanations on the Establishment Date and Initial Status of the Parent Bank, and History Including the Changes in the Former Status

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank" or "the Parent Bank") was established on August 26, 1924 to operate in all kinds of banking activities and to initiate and/or participate in all kinds of financial and industrial sector undertakings when necessary. There is no change in the Bank's status since its establishment.

II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Parent Bank, any Changes in the Period, and Information on the Parent Bank's Risk Group

As of December 31, 2021, 37.26% of the Bank's shares are owned by T. İş Bankası A.Ş. Supplementary Pension Fund (Fund), 28.09% are owned by the Republican People's Party- CHP (Atatürk's shares) and 34.65% are on free float (December 31, 2020: Fund 37.08%, CHP 28.09%, Free float 34.83%).

III. Explanations on the Chairperson's, Directors', Auditors', Chief Executive Officer's and Deputy Chief Executives' Shares, if any, and the Areas of their Responsibility at the Bank

Chairperson and Members of the Board of Directors:

Name and Surname	Areas of Responsibility
Adnan Bali	Chairperson of the Board of Directors, Remuneration Committee, Chairperson of the Risk Committee, Sustainability Committee and Chairperson of the Board of Directors Operating Principles Committee and the Member of the Credit Committee
Yusuf Ziya Toprak	Deputy Chairperson of the Board of Directors, Chairperson of the Audit Committee, TRNC Internal Systems Committee and Operational Risk Committee, Member of the Risk Committee and Substitute Member of the Credit Committee
Hakan Aran	Chief Executive Officer and Board Member, Chairperson of the Credit Committee, Human Resources Committee and Information Systems Strategy Committee, Natural Member of the Risk Committee, Chairperson of the Executive Committee
Feray Demir	Director, Member of the Credit Committee, Corporate Governance Committee, Remuneration Committee, Corporate Social Responsibility Committee, Sustainability Committee, and the Member of the Board of Directors Operating Principles Committee
Ersin Önder Çiftçioglu	Director, Chairperson of the Sustainability Committee, Member of the Audit Committee and TRNC Internal Systems Committee
Fazlı Bulut	Director, Member of Corporate Social Responsibility Committee and Substitute Member of the Credit Committee
Durmuş Öztekin	Director, Member of Corporate Social Responsibility Committee, and the Member of the Board of Directors Operating Principles Committee
Recep Hakan Özyıldız	Director
Mustafa Rıdvan Selçuk	Director
Ahmet Gökhan Sungur	Director
Sadrettin Yurtsever	Director, Member of Corporate Governance Committee and Corporate Social Responsibility Committee

Chief Executive Officer and Deputy Chief Executives:

Name and Surname	Areas of Responsibility
Hakan Aran	Chief Executive Officer and Member of the Board of Directors, Credit Committee, Chairperson of Human Resources Committee and Information Technologies Strategic Committee Natural Member of Risk Committee, Member of Operational Risk Committee and Chairperson of the Executive Committee
Yalçın Sezen	Retail Banking Marketing, Sales and Products, Retail Loans, Digital Banking, Member of the Corporate Social Responsibility Committee and Sustainability Committee
Murat Bilgiç	Corporate Loans, Commercial Loans and Retail Loans Allocation, Project Finance, Member of the Risk Committee and Sustainability Committee
Nevzat Burak Seyrek	Corporate and Commercial Banking Marketing, Commercial Banking Sales, Transboundary Banking, Free Zone Branches, Member of the Sustainability Committee
Şahismail Şimşek	SME and Enterprise Banking Product and Sales, Agricultural Banking Marketing, Commercial Banking Product, Member of Sustainability Committee
Ebru Özsuca	Treasury, Economic Research, Capital Markets, Member of the Risk Committee
Gamze Yalçın	Financial Management, Financial Institutions, Investor Relations and Sustainability, Managerial Reporting and Internal Accounting, Information Technologies Strategic Committee, Member of Risk Committee and Sustainability Committee
H. Cahit Çınar	Legal Consultancy, Associates, Member of the Operational Risk Committee
Ozan Gürsoy	Human Resources Management, Strategic and Corporate Performance Management, Member of Operational Risk Committee and Sustainability Committee
Sezgin Yılmaz	Banking Base Operations, Agile Management , Support Services, External Operations and Commercial Loan Operations, Construction and Real Estate Management, Corporate Architecture, Member of Operational Risk Committee, Sustainability Committee and Information Technologies Strategic Committee
Sabri Gökmenler	Information Technologies, Data Management, Acquisition, Member of Operational Risk Committee and Information Technologies Strategic Committee
Sezgin Lüle	Customer Relations Coordination Responsible, Digital Banking, Customer Relations, Card Payment Ecosystems, Card Payment Operations, Card Payment Products and Member of Operational Risk Committee
Can Yücel	Legal Affairs and Legal Proceedings, Commercial and Corporate Loans and Retail Loans Proceedings, Loans Monitoring, Credits Portfolio Management, and the Member of the Corporate Social Responsibility Committee
Sezai Sevgin	Information Security, Internal Control, Corporate Compliance, Natural Member of the Risk Committee, Information Technologies Strategic Committee, Member of the Operational Risk Committee and Sustainability Committee

Mr. Serkan Uğraş Kaygalak retired from his position at the Bank At the meeting of the Bank's Board of Directors dated 28.12.2021, it was decided that Mr. Sezai Sevgin would be appointed as Deputy Chief Executive of the Bank following the necessary notifications and permissions to the Banking Regulation and Supervision Agency. Mr. H. Cahit Çınar participates in the sessions organized on a consolidated basis within the scope of his Membership in the Risk Committee.

Türkiye İş Bankası A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended December 31, 2021

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

The Parent Bank's shares attributable to the Directors and members of the Audit Committee, to the CEO and the Deputy Chief Executives are of minor importance.

IV. Information on the Parent Bank's Qualified Shareholders

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T, İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı ("İşbank Members' Supplementary Pension Fund")	1,676,813	%37.26	1,676,813	
Cumhuriyet Halk Partisi – Republican People's Party (Atatürk's Shares)	1,264,142	%28.09	1,264,142	

V. Summary Information on the Parent Bank's Functions and Business Lines

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Explanation about the Institutions Subject to Full Consolidation Method or Proportional Consolidation and Institutions which are deducted from Equity or not included in these Three Methods

Banks are obligated to prepare consolidated financial statements for credit institutions and financial subsidiaries for creating legal restrictions on a consolidated basis based on the "Communiqué on Preparation of Consolidated Financial Statements of Banks" by applying Turkish Accounting Standards. There is not any difference between the related Communiqué and the consolidation operations that is based on Turkish Accounting Standards and Turkish Financial Reporting Standards.

The consolidated financial statements in this report includes the subsidiaries of the Bank, which are credit or financial institutions, in accordance with the BRSA regulations. As of current period, there is no credit or financial institution subsidiaries which are excluded in the scope of the consolidation.

The Parent Bank and its subsidiaries;

- ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ
- ANADOLU HAYAT EMEKLİLİK A.Ş.
- EFES VARLIK YÖNETİM A.Ş.
- İŞ FAKTORING A.Ş.
- İŞ FİNANSAL KİRALAMA A.Ş.
- İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
- İŞ PORTFÖY YÖNETİMİ A.Ş.
- İŞ YATIRIM MENKUL DEĞERLER A.Ş.
- İŞ YATIRIM ORTAKLIĞI A.Ş.
- İŞBANK AG
- JSC İŞBANK
- JSC İŞBANK GEORGIA
- MAXİS GİRİŞİM SERMAYESİ PORTFÖY YÖNETİMİ A.Ş.
- MAXİS INVESTMENTS LTD.
- MİLLİ REASÜRANS T.A.Ş.
- MOKA ÖDEME VE ELEKTRONİK PARA KURULUŞU A.Ş.
- TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
- YATIRIM FİNANSMAN MENKUL DEĞERLER A.Ş.
- YATIRIM VARLIK KİRALAMA A.Ş.

and Structured Entity;

- TİB Diversified Payment Rights Finance Company

is included in the consolidated financial statements with "full consolidation method".

The Parent Bank's associate acting as a credit institution;

- ARAP-TÜRK BANKASI A.Ş.

is accounted under equity accounting method in the consolidated financial statements.



Türkiye İş Bankası A.Ş. Notes To The Consolidated Financial Statements For The Year Ended December 31, 2021

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

Consolidated companies are active in the areas of banking, insurance and reinsurance, private pensions, finance leasing, factoring, real estate investment, venture capital investment, brokerage, investment consulting, portfolio and asset management. Those companies are explained below.

Anadolu Anonim Türk Sigorta Şirketi

The Company was established in 1925 and operates in almost all non-life insurance service. The Company's shares are traded in the Borsa İstanbul A.Ş.

Anadolu Hayat Emeklilik A.Ş.

The Company was founded in 1990 and its' headquarter is located in İstanbul. The company's main activities are private or group pension and life/death insurance and all kinds of insurance services related to these branches. There are 34 private pension funds offered by the company to the subscribers. The company's shares are traded in the Borsa İstanbul A.Ş.

Efes Varlık Yönetim A.Ş.

The field of activity of the company, which was founded in February 2011, is to purchase and sell the receivables with other assets of deposit banks, participation banks and other financial institutions.

İş Faktoring A.Ş.

The field of operation of the Company, which operates in the factoring sector since 1993, is domestic and foreign factoring operations.

İş Finansal Kiralama A.Ş.

The Company, whose field of activity is financial leasing within the country and abroad started its business in 1988. The Company's shares are traded in the Borsa İstanbul A.Ş.

İş Gayrimenkul Yatırım Ortaklığı A.Ş.

The Company, whose main field of activity is investing in real estate, capital market instruments backed by real estate, real estate projects and capital market instruments, is conducting its business in the sector as a real estate investment trust since 1999. The Company's shares are traded in the Borsa İstanbul A.Ş. since its establishment.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.

The Company, which started its venture capital business in the year 2000, aims to make long term investments in venture capital firms which established or to be founded in Turkey, have potential development and need resources. The Company's shares are traded in the Borsa İstanbul A.Ş. since the year 2004.

İş Portföy Yönetimi A.Ş.

The purpose of the Company, which was founded in 2000, is to engage in capital market operations stated in its articles of association. Among the capital market operations, the company offers portfolio management and investment consulting services only to corporate investors.

İş Yatırım Menkul Değerler A.Ş.

The Company's main field of activity is composed of intermediary, corporate finance, investment consulting and private portfolio management services. The Company's shares are traded in the Borsa İstanbul A.Ş. since May 2007.

İş Yatırım Ortaklığı A.Ş.

The aim of the Company, which was founded in İstanbul in the year 1995, is to operate in capital market activities which is stated in the principal agreement, and Company's main field of activities is portfolio management. The Company's shares are traded in the Borsa İstanbul A.Ş. since April 1996.

İşbank AG

İşbank AG was founded to carry out the banking transactions in Europe. İşbank AG has 11 branches in total, 10 branches in Germany and 1 branch in Netherlands.

JSC İşbank

The Bank, which was acquired in 2011 and based in Moscow, is operating banking services as; corporate banking, project finance and foreign trade financing operations with its Moscow Branch and representative offices in St. Petersburg and Kazan.

JSC İşbank Georgia

The Bank which was established in Georgia in the third quarter of 2015, is operating banking services mainly deposit, loan and exchange transactions. As part of the organizational structure of Parent Bank in abroad, Batumi and Tbilisi branches which were established in 2012 and 2014 respectively proceed its operations as JSC Isbank Georgia.

Maxis Girişim Sermayesi Porföy Yönetimi A.Ş.

The purpose of the Company, which was founded in November 2017, is to establish and manage capital investment funds in accordance with the Capital Markets Law and related legislations.

Maxis Investments Ltd.

The purpose of the Company, which was founded in England in the year 2005, is to operate in activities in foreign capital markets.

Milli Reasürans T.A.Ş.

The Company, which was founded in 1929, aims to provide reinsurance and retrocession services in foreign and domestic branches. It has 1 branch in Singapore.

Türkiye İş Bankası A.Ş. Notes To The Consolidated Financial Statements For The Year Ended December 31, 2021

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.

The company was acquired in 2021. The company established of 2014 and it operates in the field of payment services. The title of the company which is called "Moka Ödeme Kuruluşu A.Ş." has been changed to "Moka Ödeme ve Elektronik Para Kuruluşu A.Ş." as of 01.11.2021.

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.

The core business activity of the Company, which was founded in 2006, is to create and develop an investment property portfolio and to invest in capital market instruments that are based on investment properties. The Company's shares are traded in the Borsa İstanbul A.Ş. since April 2010.

Türkiye Sınai Kalkınma Bankası A.Ş.

Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) which is an industrial development and an investment bank is founded specially to support private sector investments in industry and to provide domestic and foreign capital to Turkish companies. The Bank's shares are traded in the Borsa İstanbul A.Ş.

Yatırım Finansman Menkul Değerler A.Ş.

The Company was founded in 1976. The purpose of the Company is to engage in capital market operations stated in its articles of association.

Yatırım Varlık Kiralama A.Ş.

The purpose of the Company, which is founded in September 20, 2019, is to issue lease certificates exclusively within the framework of the Capital Market Law and related legislation provisions.

VII. Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholders' Equity between the Parent Bank and its Subsidiaries or the Reimbursement of Liabilities

None.

VIII. Written Policies on Assessment of Ensuring Compliance on Market Discipline, Disclosure Obligations, Frequency and Accuracy of the Related Disclosures

The Parent Bank has written policies on assessment of ensuring compliance on market discipline, disclosure obligations, frequency and accuracy of related disclosures. The mentioned policies which are agreed by Board of Directors can be obtained from the Parent Bank's website.



Türkiye İş Bankası A.Ş.

Consolidated Balance Sheet (Statement of Financial Position)

SECTION TWO: CONSOLIDATED FINANCIAL STATEMENTS

ASSETS		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		92,697,746	278,601,171	371,298,917	62,727,896	125,080,583	187,808,479
1.1	Cash and Cash Equivalents		23,200,606	198,923,187	222,123,793	10,540,314	85,930,760	96,471,074
1.1.1	Cash and Balances with Central Bank	V-I-a	17,295,382	166,725,843	184,021,225	5,566,057	66,404,333	71,970,390
1.1.2	Banks	V-I-ç	2,974,478	32,220,764	35,195,242	2,815,653	19,533,980	22,349,633
1.1.3	Money Market Placements		2,948,099	44,965	2,993,064	2,174,268	27,259	2,201,527
1.1.4	Expected Credit Loss (-)		17,353	68,385	85,738	15,664	34,812	50,476
1.2	Financial Assets at Fair Value Through Profit or Loss	V-I-b	5,768,364	8,712,674	14,481,038	3,745,650	3,054,356	6,800,006
1.2.1	Government Debt Securities		519,471	6,017,710	6,537,181	168,133	573,788	741,921
1.2.2	Equity Securities		2,365,686	460,774	2,826,460	1,345,669	261,922	1,607,591
1.2.3	Other Financial Assets		2,883,207	2,234,190	5,117,397	2,231,848	2,218,646	4,450,494
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	V-I-d	62,974,176	46,969,483	109,943,659	48,079,020	29,748,250	77,827,270
1.3.1	Government Debt Securities		61,246,085	39,819,974	101,066,059	46,408,231	25,355,465	71,763,696
1.3.2	Equity Securities		264,898	668,883	933,781	203,583	346,271	549,854
1.3.3	Other Financial Assets		1,463,193	6,480,626	7,943,819	1,467,206	4,046,514	5,513,720
1.4	Derivative Financial Assets	V-I-c-i	754,600	23,995,827	24,750,427	362,912	6,347,217	6,710,129
1.4.1	Derivative Financial Assets at Fair Value Thorough Profit or Loss		754,600	23,995,827	24,750,427	362,912	6,347,217	6,710,129
1.4.2	Derivative Financial Assets at Fair Value Thorough Other Comprehensive Income		0	0	0	0	0	0
II.	Financial Assets Measured at Amortised Cost (Net)		326,322,483	307,111,279	633,433,762	263,081,358	183,553,540	446,634,898
2.1	Loans	V-I-e	292,585,111	302,937,054	595,522,165	236,661,521	178,069,783	414,731,304
2.2	Lease Receivables	V-I-e-ı	3,642,540	8,682,657	12,325,197	2,710,419	4,993,807	7,704,226
2.3	Factoring Receivables	V-I-e	5,097,842	1,797,516	6,895,358	3,485,758	1,158,428	4,644,186
2.4	Other Financial Assets Measured at Amortised Cost (Net)	V-I-f	45,055,046	6,490,282	51,545,328	38,170,955	7,433,648	45,604,603
2.4.1	Government Debt Securities		44,872,603	3,103,354	47,975,957	38,115,604	5,738,600	43,854,204
2.4.2	Other Financial Assets		182,443	3,386,928	3,569,371	55,351	1,695,048	1,750,399
2.5	Expected Credit Loss (-)		20,058,056	12,796,230	32,854,286	17,947,295	8,102,126	26,049,421
III.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	V-I-n	888,883	21,988	910,871	1,287,465	15,143	1,302,608
3.1	Held For Sale		888,883	21,988	910,871	1,287,465	15,143	1,302,608
3.2	Discontinued Operations		0	0	0	0	0	0
IV.	EQUITY INVESTMENTS		21,918,409	0	21,918,409	13,052,096	0	13,052,096
4.1	Investments in Associates (Net)	V-I-g	316,851	0	316,851	271,231	0	271,231
4.1.1	Associates Accounted by using Equity Method		280,196	0	280,196	242,174	0	242,174
4.1.2	Unconsolidated Associates		36,655	0	36,655	29,057	0	29,057
4.2	Subsidiaries (Net)	V-I-ğ	21,593,954	0	21,593,954	12,775,982	0	12,775,982
4.2.1	Unconsolidated Financial Subsidiaries		0	0	0	0	0	0
4.2.2	Unconsolidated Non-Financial Subsidiaries		21,593,954	0	21,593,954	12,775,982	0	12,775,982
4.3	Joint Ventures (Net)	V-I-h	7,604	0	7,604	4,883	0	4,883
4.3.1	Joint Ventures Accounted by using Equity Method		0	0	0	0	0	0
4.3.2	Unconsolidated Joint Ventures		7,604	0	7,604	4,883	0	4,883
V.	TANGIBLE ASSETS (Net)	V-I-j	11,131,311	275,713	11,407,024	7,928,442	171,512	8,099,954
VI.	INTANGIBLE ASSETS (Net)	V-I-k	2,014,282	167,743	2,182,025	1,540,236	113,752	1,653,988
6.1	Goodwill		27,994	0	27,994	35,974	0	35,974
6.2	Other		1,986,288	167,743	2,154,031	1,504,262	113,752	1,618,014
VII.	INVESTMENT PROPERTY (Net)	V-I-l	4,601,916	0	4,601,916	3,649,631	0	3,649,631
VIII.	CURRENT TAX ASSET		60,343	14,476	74,819	46,085	2,838	48,923
IX.	DEFERRED TAX ASSET	V-I-m	580,561	2,538,415	3,118,976	2,324,870	1,347,866	3,672,736
X.	OTHER ASSETS (Net)	V-I-o	62,506,945	12,950,409	75,457,354	43,766,791	8,462,159	52,228,950
	TOTAL ASSETS		522,722,879	601,681,194	1.124.404.073	399,404,870	318,747,393	718,152,263

Türkiye İş Bankası A.Ş.

Consolidated Balance Sheet (Statement of Financial Position)

LIABILITIES		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-a	165,520,943	452,158,260	617,679,203	133,332,439	248,360,954	381,693,393
II.	FUNDS BORROWED	V-II-c	6,019,498	122,904,185	128,923,683	4,434,966	73,167,922	77,602,888
III.	MONEY MARKETS		42,829,398	10,908,455	53,737,853	19,985,947	5,998,700	25,984,647
IV.	SECURITIES ISSUED (Net)	V-II-ç	8,784,977	39,292,335	48,077,312	7,134,909	32,364,397	39,499,306
4.1	Bills		5,999,193	0	5,999,193	5,095,133	0	5,095,133
4.2	Asset Backed Securities		757,078	0	757,078	377,032	0	377,032
4.3	Bonds		2,028,706	39,292,335	41,321,041	1,662,744	32,364,397	34,027,141
V.	FUNDS		11,191	680,513	691,704	6,275	115,830	122,105
5.1	Borrower Funds		11,191	680,513	691,704	6,275	115,830	122,105
5.2	Other		0	0	0	0	0	0
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		0	0	0	0	0	0
VII.	DERIVATIVE FINANCIAL LIABILITIES	V-II-b-g	7,097,196	6,981,331	14,078,527	1,514,236	7,340,198	8,854,434
7.1	Derivative Financial Liabilities at Fair Value Thorough Profit or Loss		7,097,196	6,981,331	14,078,527	1,514,236	7,340,198	8,854,434
7.2	Derivative Financial Liabilities at Fair Value Thorough Other Comprehensive Income		0	0	0	0	0	0
VIII.	FACTORING PAYABLES		0	0	0	0	0	0
IX.	LEASE PAYABLES	V-II-f	983,934	255,780	1,239,714	756,372	162,368	918,740
X.	PROVISIONS	V-II-ğ	27,864,420	7,744,897	20,036,922	3,990,144	24,027,066	
10.1	Restructuring Provisions		0	0	0	0	0	0
10.2	Reserve for Employee Benefits		2,572,040	4,391	2,576,431	1,618,739	2,192	1,620,931
10.3	Insurance Technical Provisions (Net)		12,951,315	6,572,513	19,523,828	9,987,925	3,382,651	13,370,576
10.4	Other Provisions		12,341,065	1,167,993	13,509,058	8,430,258	605,301	9,035,559
XI.	CURRENT TAX LIABILITIES	V-II-h	2,537,054	24,082	2,561,136	2,836,995	14,987	2,851,982
XII.	DEFERRED TAX LIABILITIES	V-II-h	120,438	4,511	124,949	138,027	6,404	144,431
XIII.	LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	V-II-ı	0	0	0	0	0	0
13.1	Held For Sale		0	0	0	0	0	0
13.2	Discontinued Operations		0	0	0	0	0	0
XIV.	SUBORDINATED DEBT	V-II-i	2,296,445	39,182,832	41,479,277	2,286,510	22,139,611	24,426,121
14.1	Loans		0	0	0	0	0	0
14.2	Other Debt Instruments		2,296,445	39,182,832	41,479,277	2,286,510	22,139,611	24.426.121
XV.	OTHER LIABILITIES	V-II-e	74,142,355	9,890,864	84,033,219	50,970,159	6,195,271	57,165,430
XVI.	SHAREHOLDERS' EQUITY	V-II-j	98,923,927	-2,755,748	96,168,179	74,597,926	263,794	74,861,720
16.1	Paid-in capital		4,500,000	0	4,500,000	4,500,000	0	4,500,000
16.2	Capital Reserves		1,203,468	0	1,203,468	1,216,307	0	1,216,307
16.2.1	Share Premium		143,633	0	143,633	124,549	0	124,549
16.2.2	Share Cancellation Profits		0	0	0	0	0	0
16.2.3	Other Capital Reserves		1,059,835	0	1,059,835	1,091,758	0	1,091,758
16.3	Accumulated Other Compherensive Income or Loss Not Reclassified Through Profit or Loss		8,054,093	100	8,054,193	4,649,809	100	4,649,909
16.4	Accumulated Other Compherensive Income or Loss Reclassified Through Profit or Loss		11,320,953	-3,031,910	8,289,043	4,698,746	-60,675	4,638,071
16.5	Profit Reserves		51,379,015	4,619	51,383,634	44,060,209	4,619	44,064,828
16.5.1	Legal Reserves		5,832,370	1,930	5,834,300	5,335,033	1,930	5,336,963
16.5.2	Status Reserves		225,558	0	225,558	178,599	0	178,599
16.5.3	Extraordinary Reserves		45,321,087	2,689	45,323,776	38,546,577	2,689	38,549,266
16.5.4	Other Profit Reserves		0	0	0	0	0	0
16.6	Profit or Loss		13,085,039	417,874	13,502,913	8,153,556	225,331	8.378.887
16.6.1	Prior Periods' Profit or Loss		-263,478	225,331	-38,147	1,586,175	137,270	1,723,445
16.6.2	Current Period Profit or Loss		13,348,517	192,543	13,541,060	6,567,381	88,061	6,655,442
16.7	Minority Shareholder	V-II-k	9,381,359	-146,431	9,234,928	7,319,299	94,419	7,413,718
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		437,131,776	687,272,297	1,124,404,073	318,031,683	400,120,580	718.152.263



Türkiye İş Bankası A.Ş.

Consolidated statement of off-balance sheet items

OFF BALANCE SHEET ITEMS		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	Total	TL	FC	Total
	A. OFF-BALANCE SHEET CONTINGENCIES and COMMNTMENTS (I-II+III)		302.695.310	836.880.350	1.139.575.660	229.466.822	482.447.565	711.914.387
I.	GUARANTEES AND SURETYSHIPS	V-III	46.412.927	153.202.866	199.615.793	40.128.375	82.758.032	122.886.407
1.1	Letters of Guarantee		46.048.608	86.618.355	132.666.963	39.563.027	48.508.183	88.071.210
1.1.1	Guarantees Subject to State Tender Law		865.540	764.138	1.629.678	687.709	535.767	1.223.476
1.1.2	Guarantees Given for Foreign Trade Operations		4.204.824	46.612.126	50.816.950	4.416.349	24.324.692	28.741.041
1.1.3	Other Letters of Guarantee		40.978.244	39.242.091	80.220.335	34,458.969	23.647.724	58.106.693
1.2	Banks Acceptanees		111.350	13.694.523	13.805.873	84.800	8.965.543	9.050.343
1.2.1	Import Letter of Acceptance		0	582.983	582.983	0	387.585	387.585
1.2.2	Other Bank Acceptances		111.350	13.111.540	13.222.890	84.800	8.577.958	8.662.758
1.3	Letters of Credit		244.637	48.629.112	48.873.749	454.945	22.138.966	22.593.911
1.3.1	Documentary Letters of Credit		191.272	34.944.022	35.135.294	435.024	16.428.961	16.863.985
1.3.2	Other Letters of Credit		53.365	13.685.090	13.738.455	19.921	5.710.005	5.729.926
1.4	Prefinancing Given as Guarantee		0	0	0	0	0	0
1.5	Endorsements		0	0	0	0	0	0
1.5.1	Endorsements to the Central Bank of Tureky		0	0	0	0	0	0
1.5.2	Other Endorsements		0	0	0	0	0	0
1.6	Purchase Guarantees for Securities Issued		0	0	0	0	0	0
1.7	Factoring Guarantees		0	0	0	9.355	0	9.355
1.8	Other Guarantees		8.332	4.260.876	4.269.208	16.248	3.145.340	3.161.588
1.9	Other Suretyships		0	0	0	0	0	0
II.	COMMITMENTS		101.316.731	55.685.820	157.002.551	72.767.824	26.364.767	99.132.591
2.1	Irrevocable Commitments		99.221.331	36.748.294	135.969.625	71.400.021	14.882.602	86.282.623
2.1.1	Forward Asset Purchase Commitments		9.373.110	18.354.232	27.727.342	2.250.035	4.322.672	6.572.707
2.1.2	Forward Asset Purchase Commitments		0	0	0	0	0	0
2.1.3	Capital Commitments to Associates and Subsidiaries		0	157.380	157.380	0	127.172	127.172
2.1.4	Loan Granting Commitments		34.174.955	1.702.867	35.877.822	24.688.380	1.009.173	25.697.553
2.1.5	Securities Underwriting Commitments		0	0	0	0	0	0
2.1.6	Commitments for Reserve Deposit Requirements		0	0	0	0	0	0
2.1.7	Commitments for Cheque Payments		3.291.900	0	3.291.900	2.641.068	0	2.641.068
2.1.8	Tax and Fund Liabilities from Export Commitments		41.377	0	41.377	26.068	0	26.068
2.1.9	Commitments for Credit Card Expenditure Limits		46.524.830	0	46.524.830	37.915.127	0	37.915.127
2.1.10	Commitments for Credit Card and Banking Services Promotions		208.406	0	208.406	179.370	0	179.370
2.1.11	Receivables from Short Sale Commitments		0	0	0	0	0	0
2.1.12	Payables from Short Sale Commitments		0	0	0	0	0	0
2.1.13	Other Irrevocable Commitments		5.606.753	16.533.815	22.140.568	3.699.973	9.423.585	13.123.558
2.2	Revocable Commitments		2.095.400	18.937.526	21.032.926	1.367.803	11.482.165	12.849.968
2.2.1	Revocable Loan Granting Commitments		2.045.400	18.937.526	20.982.926	1.302.803	11.482.165	12.784.968
2.2.2	Other Revocable Commitments		50.000	0	50.000	65.000	0	65.000
III.	DERIVATIVE FINANCIAL INSTRUMENTS		154.965.652	627.991.664	782.957.316	116.570.623	373.324.766	489.895.389
3.1	Derivative Financial Instruments Held for Risk Management		0	27.012.103	27.012.103	0	19.840.766	19.840.766
3.1.1	Fair Value Hedges		0	27.012.103	27.012.103	0	19.840.766	19.840.766
3.1.2	Cash Flow Hedges		0	0	0	0	0	0
3.1.3	Net Foreign Investment Hedges		0	0	0	0	0	0

Türkiye İş Bankası A.Ş.

Consolidated statement of off-balance sheet items

OFF BALANCE SHEET ITEMS		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2021)			PRIOR PERIOD (31/12/2020)		
			TL	FC	Total	TL	FC	Total
3.2	Derivative Financial Instruments Held for Trading		154.965.652	600.979.561	755.945.213	116.570.623	353.484.000	470.054.623
3.2.1	Forward Foreign Currency Buy/Sell Transactions		15.504.070	58.953.279	74.457.349	8.922.687	41.994.015	50.916.702
3.2.1.1	Forward Foreign Currency Buy Transactions		11.384.803	25.669.590	37.054.393	6.936.738	18.551.563	25.488.301
3.2.1.2	Forward Foreign Currency Sell Transactions		4.119.267	33.283.689	37.402.956	1.985.949	23.442.452	25.428.401
3.2.2	Currency and Interest Rate Swaps		127.095.137	489.865.606	616.960.743	101.415.909	273.410.206	374.826.115
3.2.2.1	Currency Swap Buy Transactions		9.433.744	177.256.130	186.689.874	6.088.408	96.398.304	102.486.712
3.2.2.2	Currency Swap Sell Transactions		116.999.171	81.523.710	198.522.881	93.752.701	29.719.050	123.471.751
3.2.2.3	Interest Rate Swap Buy Transactions		331.111	115.542.883	115.873.994	787.400	73.646.426	74.433.826
3.2.2.4	Interest Rate Swap Sell Transactions		331.111	115.542.883	115.873.994	787.400	73.646.426	74.433.826
3.2.3	Currency, Interest Rate and Seurity Options		8.943.556	21.274.918	30.218.474	2.003.720	14.257.333	16.261.053
3.2.3.1	Currency Call Options		4.557.856	6.309.858	10.867.714	1.023.470	3.069.627	4.093.097
3.2.3.2	Currency Put Options		4.026.900	6.553.948	10.580.848	707.100	3.346.049	4.053.149
3.2.3.3	Interest Rate Call Options		0	4.205.556	4.205.556	0	3.920.016	3.920.016
3.2.3.4	Interest Rate Put Options		0	4.205.556	4.205.556	0	3.920.016	3.920.016
3.2.3.5	Securities Call Options		36.407	0	36.407	121.010	0	121.010
3.2.3.6	Securities Put Options		322.393	0	322.393	152.140	1.625	153.765
3.2.4	Currency Futures		760.477	1.540.698	2.301.175	3.156.514	2.794.386	5.950.900
3.2.4.1	Currency Buy Futures		40.052	1.481.995	1.522.047	507.826	2.647.387	3.155.213
3.2.4.2	Currency Sell Futures		720.425	58.703	779.128	2.648.688	146.999	2.795.687
3.2.5	Interest Rate Futures		0	0	0	0	0	0
3.2.5.1	Interest Rate Buy Futures		0	0	0	0	0	0
3.2.5.2	Interest Rate Sell Futures		0	0	0	0	0	0
3.2.6	Other		2.662.412	29.345.060	32.007.472	1.071.793	21.028.060	22.099.853
	B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		920.628.913	1.629.649.597	2.550.278.510	728.033.002	906.245.389	1.634.278.391
IV.	ITEMS HELD IN CUSTODY		101.820.670	125.221.499	227.042.169	86.312.364	73.210.438	159.522.802
4.1	Customers' Securities Held		0	0	0	0	0	0
4.2	Investment Securities Held in Custody		73.423.758	8.234.913	81.658.671	67.013.035	6.643.025	73.656.060
4.3	Cheques Received for Collection		24.886.014	68.776.278	93.662.292	15.972.224	37.840.329	53.812.553
4.4	Commercial Notes Received For Collection		2.994.936	26.962.386	29.957.322	2.873.548	17.306.337	20.179.885
4.5	Other Assets Received For Collection		0	0	0	0	0	0
4.6	Assets Received for Public Offering		0	0	0	0	0	0
4.7	Other Items Under Custody		515.962	21.247.922	21.763.884	453.557	11.420.747	11.874.304
4.8	Custodiands		0	0	0	0	0	0
V.	PLEDGED ITEM		818.808.243	1.504.428.098	2.323.236.341	641.720.638	833.034.951	1.474.755.589
5.1	Marketable Securities		55.405.889	148.526.695	203.932.584	47.823.113	78.780.877	126.603.990
5.2	Guarantee Notes		15.393.327	58.309.803	73.703.130	11.883.928	28.867.329	40.751.257
5.3	Commodity		167.725.673	118.466.297	286.191.970	131.913.263	53.111.124	185.024.387
5.4	Warranty		0	0	0	0	0	0
5.5	Real Estates		407.968.742	739.657.751	1.147.626.493	352.717.245	432.859.911	785.577.156
5.6	Other Pledged Items		172.314.612	439.467.552	611.782.164	97.383.089	239.415.710	336.798.799
5.7	Pledged Items-Depository		0	0	0	0	0	0
VI.	ACCEPTED BILL, GUARANTEES AND SURETIES		0	0	0	0	0	0
	TOTAL OFF-BALANCE SHEE COMMITMENTS (A+B)		1.223.324.223	2.466.529.947	3.689.854.170	957.499.824	1.388.692.954	2.346.192.778



Türkiye İş Bankası A.Ş.
Consolidated Statement of Profit or Loss

INCOME STATEMENT		Footnotes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2021)	PRIOR PERIOD (01/01-31/12/2020)
I.	INTEREST INCOME	V-IV-a	69,449,187	47,960,977
1.1	Interest Income on Loans		48,414,707	34,768,023
1.2	Interest Income on Reserve Deposits		850,107	84,960
1.3	Interest Income on Banks		686,021	488,822
1.4	Interest Income on Money Market Placements		401,957	116,834
1.5	Interest Income on Marketable Market Placements		17,499,167	11,565,656
1.5.1	Financial Assets at Fair Value Through Profit or Loss		168,216	58,357
1.5.2	Financial Assets at Fair Value Through Other Compherensive Income		10,801,345	7,008,929
1.5.3	Financial Assets at Measured at Amortised Cost		6,529,606	4,498,370
1.6	Financial Lease Income		887,340	543,503
1.7	Other Interest Income		709,888	393,179
II.	INTEREST EXPENSE (-)	V-IV-b	32,530,364	18,898,262
2.1	Interest on Deposits		18,048,238	9,483,464
2.2	Interest on Funds Borrowed		2,612,115	2,344,979
2.3	Interest on Money Market Funds		5,396,609	1,584,227
2.4	Interest on Securities Issued		6,048,417	4,733,389
2.5	Financial Lease Expense		163,612	146,707
2.6	Other Interest Expenses		261,373	605,496
III.	NET INTEREST INCOME (I - II)		36,918,823	29,062,715
IV.	NET FEES AND COMMISSIONS INCOME		6,691,855	4,919,413
4.1	Fees and Commissions Received		10,490,764	7,381,481
4.1.1	Non-cash Loans		1,327,072	1,150,770
4.1.2	Other		9,163,692	6,230,711
4.2	Fees and Commissions Paid (-)		3,798,909	2,462,068
4.2.1	Non-cash Loans		12,754	6,232
4.2.2	Other		3,786,155	2,455,836
V.	DIVIDEND INCOME	V-IV-c	68,548	31,057
VI.	TRADIG INCOME/(LOSS) (Net)	V-IV-ç	703,452	-1,206,769
6.1	Gains/(Losses) on Securities Trading		1,882,678	1,228,185
6.2	Derivative Financial Transactions Gains/Losses		-179,759	-10,138,921
6.3	Foreign Exchange Gains/(Losses)		-999,467	7,703,967
VII.	OTHER OPERATING INCOME	V-IV-d	16,883,690	11,733,929
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		61,266,368	44,540,345
IX.	EXPECTED CREDIT LOSS (-)	V-IV-e	12,667,759	11,379,112
X.	OTHER PROVISION EXPENSES (-)	V-IV-e	4,142,731	2,770,928
XI.	PERSONNEL EXPENSE (-)		7,715,533	6,301,193
XII.	OTHER OPERATING EXPENSES (-)	V-IV-f	22,665,876	14,877,965
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		14,074,469	9,211,147
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		0	0
XV.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		4,874,850	1,455,956
XVI.	NET MONETARY POSITION GAIN/LOSS		0	0
XVII.	PROFIT/LOSS ON CONTUNUING OPERATIONS BEFORE K/Z (XIII+...+XVI)	V-IV-g	18,949,319	10,667,103
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	V-IV-ğ	3,389,061	2,915,351
18.1	Current Tax Provision		2,621,921	4,778,594
18.2	Deferred Tax Income Effect (+)		3,774,382	1,206,397
18.3	Deferred Tax Expense Effect (-)		3,007,242	3,069,640
XIX.	NET PERIOD PROFIT/LOSS FROM CONTUNUING OPERATIONS (XVII±XVIII)	V-IV-h	15,560,258	7,751,752
XX.	INCOME ON DISCONTINUED OPERATIONS		0	0
20.1	Income on Assets Held for Sale		0	0
20.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
20.3	Other expense on Discontinued Operations		0	0
XXI.	EXPENSE ON DISCONTINUED OPERATIONS (-)		0	0
21.1	Expense on Assets Held For Sale		0	0
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
21.3	Other expense on Discontinued Operations		0	0
XXII.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XX-XXI)	V-IV-g	0	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	V-IV-ğ	0	0
23.1	Current Tax Provision		0	0
23.2	Deferred Tax Expense Effect (+)		0	0
23.3	Deferred Tax Income Effect (-)		0	0
XXIV.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	V-IV-h	0	0
XXV.	NET PERIOD PROFIT/LOSS (XIX+XXIV)	V-IV-ı	15,560,258	7,751,752
25.1	Group's Profit/Loss		13,541,060	6,655,442
25.2	Non-controlling Interest Profit / Loss (-)		2,019,198	1,096,310
	Earnings per Share (*)		0.120362571	0.059158301

(*) Expressed in Exact TL.

Türkiye İş Bankası A.Ş.
Consolidated Statement of Profit or Loss and Other Comprehensive Income

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSAND TL	
		CURRENT PERIOD (01/01-31/12/2021)	PRIOR PERIOD (01/01-31/12/2020)
I.	PROFIT/LOSS FOR THE PERIOD	15,560,258	7,751,752
II.	OTHER COMPREHENSIVE INCOME	7,207,376	1,540,414
2.1	Other comprehensive income that will not be reclassified to profit or loss	3,824,663	-195,473
2.1.1	Revaluation Surplus on Tangible Assets	2,692,577	-17,267
2.1.2	Revaluation Surplus on Intangible Assets		
2.1.3	Gains/(Losses) on remeasurements of Defined Benefit Plans	-732,441	-73,754
2.1.4	Other Income/Expense Items of Other Comprehensive Income not to be Reclassified to Profit or Loss	1,888,340	-121,372
2.1.5	Taxes Relating to Components of Other Comprehensive Income not to be Reclassified to Profit or Loss	-23,813	16,920
2.2	Other Income/Expense Items not be reclassified to profit or loss	3,382,713	1,735,887
2.2.1	Exchange Differences on Translation	1,796,559	607,580
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	-1,414,575	1,079,211
2.2.3	Income/(Loss) Related with Cash Flow Hedges		
2.2.4	Income/(Loss) Related with Hedges of Net Investments in Foreign Operations		
2.2.5	Other Income/Expense Items of Other Comprehensive Income to be Reclassified to Other Profit or Loss	2,760,779	262,834
2.2.6	Taxes Relating to Components of Other Comprehensive Income to be Reclassified to Profit or Loss	239,950	-213,738
III.	TOTAL COMPREHENSIVE INCOME (I+II)	22,767,634	9,292,166



Türkiye İş Bankası A.Ş.
Consolidated Statement of Changes in Shareholders' Equity

Türkiye İş Bankası A.Ş.
Consolidated Statement of Changes in Shareholders' Equity

	CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-in Capial	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income that will not be reclassified in Profit/(Loss)				Accumulated Other Comprehensive Income that will be reclassified in Profit/(Loss)			Profit Reserves	Prior Period Profit / (Loss)	Net Current Period Profit / (Loss)	Total Shareholder's Equity Except Non-controlling Interest	Non-controlling Interest	Total Shareholder's Equity
							Tangible assets accumulated revaluation reserve increase/ (Decrease)	Accumulated gains/(losses) on remeasurements of defined benefit plans	Other (¹)		Exchange differences on translation reserve	Accumulated gains/(losses) due to revaluation and/ or reclassification of financial assets measured at fair value through other comprehensive income	Other (²)						
		V-V																	
	PRIOR PERIOD (31/12/2020)																		
I	Beginning Balance		4,500,000	39,250		1,087,620	3,466,783	-243,042	1,566,614		1,461,737	477,022	1,021,753	36,844,887	8,413,254		58,635,878	7,065,589	65,701,467
II	Adjustment in accordance with TAS 8																		
2.1	The Effect on Adjustments																		
2.2	The Effect of Changes in Accounting Policies																		
III	New Balance (I+II)		4,500,000	39,250		1,087,620	3,466,783	-243,042	1,566,614		1,461,737	477,022	1,021,753	36,844,887	8,413,254		58,635,878	7,065,589	65,701,467
IV	Total Comprehensive Income						-15,212	-59,386	-121,621		608,621	799,041	263,864			6,655,442	8,130,749	1.161,417	9,292,166
V	Capital Increase in Cash																		
VI	Capital Increase Through Internal Reserves																		
VII	Paid-in Capital Inflation adjustment difference																		
VIII	Convertible Bonds																		
IX	Subordinated Debt																		
X	Increase/(Decrease) Through Other Changes (*)			85,299		4,138	56,622	-852	3		-3,446	9,708	-229	200,680	315,510		667,433	-630,494	36,939
XI	Profit Distribution													7,019,261	-7,005,319		13,942	-182,794	-168,852
11.1	Dividend Paid																	-190,292	-190,292
11.2	Transfer to Reserves													7,005,319	-7,005,319				
11.3	Other (**)													13,942			13,942	7,498	21,440
	Ending Balance (III+IV+.....+X+XI)		4,500,000	124,549	0	1,091,758	3,508,193	-303,280	1,444,996		2,066,912								
												1,285,771	1,285,388	44,064,828	1,723,445	6,655,442	67,448,002	7,413,718	74,861,720
	CURRENT PERIOD (31/12/2021)																		
I	Beginning Balance		4,500,000	124,549		1,091,758	3,508,193	-303,280	1,444,996		2,066,912	1,285,771	1,285,388	44,064,828	8,378,887		67,448,002	7,413,718	74,861,720
II	Adjustment in accordance with TAS 8																		
2.1	The Effect on Adjustments																		
2.2	The Effect of Changes in Accounting Policies																		
III	New Balance (I+II)		4,500,000	124,549		1,091,758	3,508,193	-303,280	1,444,996		2,066,912	1,285,771	1,285,388	44,064,828	8,378,887		67,448,002	7,413,718	74,861,720
IV	Total Comprehensive Income						2,085,048	-579,952	1,888,340		1,794,485	-902,173	2,757,991			13,541,060	20,584,799	2,182,835	22,767,634
V	Capital Increase in Cash																		
VI	Capital Increase Through Internal Reserves																		
VII	Paid-in Capital Inflation adjustment difference																		
VIII	Convertible Bonds																		
IX	Subordinated Debt																		
X	Increase/(Decrease) Through Other Changes (*)			19,084		-31,923	10,816		32		18	651		22,664	-340,005		-318,663	-70,178	-388,841
XI	Profit Distribution													7,296,142	-8,077,029		-780,887	-291,447	-1,072,334
11.1	Dividend Paid														-661,415		-661,415	-299,226	-960,641
11.2	Transfer to Reserves													7,281,290	-7,281,290				
11.3	Other (**)													14,852	-134,324		-119,472	7,779	-111,693
	Ending Balance (III+IV+.....+X+XI)		4,500,000	143,633	0	1,059,835	5,604,057	-883,232	3,333,368		3,861,415	384,249	4,043,379	51,383,634	-38,147	13,541,060	86,933,251	9,,234,928	96,168,179

(¹) Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss.

(²) Accumulated gains/(losses) on cash flow hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for using equity method that will be classified to Profit/(Loss), Other Accumulated Amounts of Other Comprehensive Income that will be reclassified to Profit or Loss.

(*) Includes changes in the Group Shares.

(**) In Accordance with TMS 19 "Benefits to Employees"; the provisions allocated in the relevant period for the dividend to be distributed to the personnel were added to the distributable profit figure. In the current period, the amount of dividends distributed to bank personnel according to the main contract of the parent Bank is also included.



Türkiye İş Bankası A.Ş.

Unconsolidated Statement of Cash Flows

		Footnotes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2021)	PRIOR PERIOD (01/01-31/12/2020)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		24,798,475	34,258,222
1.1.1	Interest Received		61,253,858	41,826,344
1.1.2	Interest Paid		-31,171,346	-18,786,386
1.1.3	Dividend Received		356,764	252,256
1.1.4	Fees and Commissions Received		10,490,764	7,381,481
1.1.5	Other Income		8,259,735	8,424,385
1.1.6	Collections from Previously Written off Loans and Other Receivables		3,082,969	1,689,749
1.1.7	Cash Payments to Personnel and Service Suppliers		-12,745,696	-10,687,883
1.1.8	Taxes Paid		-4,041,939	-4,107,184
1.1.9	Other	V-VI	-10,686,634	8,265,460
1.2	Changes in Operating Assets and Liabilities		79,558,425	-6,144,854
1.2.1	Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		-5,146,832	-1,588,087
1.2.2	Net (Increase) / Decrease in Due From Banks		-12,513,917	-4,283,288
1.2.3	Net (Increase) / Decrease in Loans		-63,596,525	-49,982,247
1.2.4	Net (Increase) / Decrease in Other Assets		-17,844,555	-13,220,708
1.2.5	Net (Increase) / Decrease in Bank Deposits		-1,053,465	-620,878
1.2.6	Net (Increase) / Decrease in Other Deposits		127,371,908	40,951,637
1.2.7	Net (Increase) / Decrease in Financial Liabilities at Fair Value Through Profit or Loss		0	0
1.2.8	Net (Increase) / Decrease in Funds Borrowed		3,054,383	-10,764,225
1.2.9	Net (Increase) / Decrease in Matured Payables		0	0
1.2.10	Net (Increase) / Decrease in Other Liabilities	V-VI	49,287,428	33,362,942
I.	Net Cash Provided From Banking Operations		104,356,900	28,113,368
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities		-10,310,109	-19,012,653
2.1	Cash Paid for the Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-5,113	-33,500
2.2	Cash Obtained from sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	-24,025
2.3	Cash Paid for the Purchase of Tangible Asset		-830,154	-813,821
2.4	Cash Obtained from sale of Tangible Asset		423,335	322,076
2.5	Cash Paid for the Purchase of Financial Assests at Fair Value Through Other Comprehensive Income		-44,706,318	-32,201,013
2.6	Cash Obtained from sale of Financial Assests at Fair Value Through Other Comprehensive Income		35,474,175	23,640,507
2.7	Cash Paid for Purchase of Financial Assests Measured at Amortised Cost		-16,224,952	-16,459,781
2.8	Cash Obtained from sale of Financial Assests Measured at Amortised Cost (*)		16,481,168	7,309,408
2.9	Other	V-VI	-922,250	-752,504
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		-12,728,598	-3,278,734
3.1	Cash Obtained from funds borrowed and securities issued		20,594,682	28,363,295
3.2	Cash used for repayment of funds borrowrd and securities issued		-31,720,839	-31,014,962
3.3	Equity Instrumens		0	0
3.4	Dividends Paid		-1,094,965	-190,292
3.5	Payments for Finance Leases		-507,476	-436,775
3.6	Other	V-VI	0	0
IV.	Effect of Change in foreign exchange rare on cash and cash equivalents	V-VI	-1,317,136	-1,239,044
V.	Net increase in cash and cash equivalents		80,001,057	4,582,937
VI.	Cash and cash equivalents at beginning of the period		52,321,545	47,738,608
VII.	Cash and cash equivalents at end of the period		132,322,602	52,321,545

(*) Includes Redeemed Financial Assets measured at amortized cost.

Türkiye İş Bankası A.Ş.

Consolidated Statement of Profit Distribution Table

		THOUSAND TL	
		CURRENT PERIOD (31/12/2021)	PRIOR PERIOD (31/12/2020)
I.	DISTRIBUTION OF CURRENT YEAR PROFIT (*)		
1.1	CURRENT PERIOD PROFIT (²)	15,475,881	8,861,814
1.2	TAXES AND DUES PAYABLE (-)	2,007,986	2,044,635
1.2.1	Corporate Tax (Income Tax)	1,057,464	3,788,280
1.2.2	Income Tax Withholding	46,314	35,506
1.2.3	Other Taxes and Dues Payable (³)	904,208	-1,779,151
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	13,467,895	6,817,179
1.3	PRIOR YEARS LOSSES (-)	0	0
1.4	FIRST LEGAL RESERVES (-)	0	392,297
1.5	OTHER STATUTORY RESERVES (-)	0	152,066
B.	NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5))]	13,467,895	6,272,816
1.6	First Dividend to Shareholders (-)	0	270,000
1.6.1	To Owners of Ordinary Shares	0	269,998
1.6.2	To Owners of Preferred Shares	0	2
1.6.3	To Preferred Shares (Preemptive Rights)	0	0
1.6.4	To Profit Sharing Bonds	0	0
1.6.5	To Holders of Profit / Loss Share Certificates	0	0
1.7	DIVIDENDS TO PERSONNEL (-)	0	134,324
1.8	DIVIDENDS TO THE BOARD OF THE DIRECTORS (-)	0	0
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	0	411,092
1.9.1	To Owners of Ordinary Shares	0	411,085
1.9.2	To Owners of Privileged Shares	0	3
1.9.3	To Owners of Preferred Shares	0	4
1.9.4	To Profit Sharing Bonds	0	0
1.9.5	To Holders of Profit / Loss Share Certificates	0	0
1.10	STATUTORY RESERVES (-)	0	0
1.11	EXTRAORDINARY RESERVES	0	5,457,400
1.12	OTHER RESERVES	0	0
1.13	SPECIAL FUNDS	0	0
II.	DISTRIBUTION FROM RESERVES		
2.1	DISTRIBUTED RESERVES	0	0
2.2	DIVIDENDS TO SHAREHOLDERS (-)	0	0
2.2.1	To Owners of Ordinary Shares	0	0
2.2.2	To Owners of Privileged Shares	0	0
2.2.3	To Owners of Preferred Shares	0	0
2.2.4	To Profit Sharing Bonds	0	0
2.2.5	To Holders of Profit / Loss Share Certificates	0	0
2.3	DIVIDENDS TO PERSONNEL (-)	0	0
2.4	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES (⁴)	0.1197	0.0605
3.2	TO OWNERS OF ORDINARY SHARES (%)	299	151
3.3	TO OWNERS OF PREFERRED SHARES (⁴)	0	0
3.4	TO OWNERS OF PREFERRED SHARES (%)	0	0
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES (⁴)	0	0.0061
4.2	TO OWNERS OF ORDINARY SHARES (%)	0	15
4.3	TO OWNERS OF PREFERRED SHARES (⁴)	0	0.0018
4.4	TO OWNERS OF PREFERRED SHARES (%)	0	18

(¹) The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been held as of the reporting.
(²) Prior Periods' Profit amounting to TL 6,262 which is included to the base of profit distribution, is disclosed in the prior period's net profit amount in the statement.
(³) Deferred Tax Expense/Income.
(⁴) Expressed in exact TL.

Ersin Önder Çiftçioglu
Member of the Board and
the Audit Committee

Yusuf Ziya Toprak
Deputy Chairperson of the Board of Directors
and Chairperson of the Audit Committee

Adnan Bali
Chairperson of the Board of Directors

Ali Tolga Ünal
Head of Financial
Management Division

Gamze Yalçın
Deputy Chief Executive
In Charge of Financial Reporting

Hakan Aran
Chief Executive Officer



Türkiye İş Bankası A.Ş. Notes To The Consolidated Financial Statements For The Year Ended December 31, 2021

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

SECTION THREE: EXPLANATION ON ACCOUNTING POLICIES

I. Basis of Presentation

The consolidated financial statements, related notes and explanations in this report are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Financial Reporting Legislation”) and requirements of Turkish Financial Reporting Standards (TFRS) published the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

COVID-19 outbreak, which started in China and spread globally in the first half of 2020, caused serious effects on both economic and social life. In addition to the social life effects of the cautions taken to ensure the control of outbreak in many countries, there are also consequences observed which is negatively affecting economic activity both on regional and global scale. As in other countries where the pandemic is effective, various cautions also have been taken in our country in social and economic terms. The Bank sustains its activities with the consolidated companies for the period precisely by closely monitoring the processes related to outbreak, postponing retail and non-retail customers' due debts, restructuring with grace period and existing or additional limit allocations in respect with customers' needs. Assessments regarding to possible effects of the COVID-19 outbreak through the measurement of expected credit losses are explained in the Section Three “VIII. “Explanations on Impairment of Financial Assets”.

“Interest Rate Benchmark Reform- Stage 2”, brought changes in various TAS / TFRSs effective from January 1, 2021, was released in December 2020 within the scope of the project of transition of the benchmark interest rates carried out by the International Accounting Standards Board (IASB). The effect of these changes on the Bank's financial statements as of September 30, 2021 has been evaluated and there is no situation that requires early application by the Bank continues to perform required studies to comply with the Interest Rate Benchmark Reform in the current year.

According to the statement made by POA on 20.01.2022, it has been stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies in the financial statements of 2021, of enterprises that apply TFRS. In this context, while preparing the financial statements dated 31.12.2021, no inflation adjustment was made according to TAS 29.

Additional paragraph for convenience translation to English

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

The accounting policies applied in the current period are in line with the prior period financial statements. The accounting policies and the valuation principles used in the preparation of the consolidated financial statements are presented below in detail.

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

1. The Group's Strategy on Financial Instruments

The Group's main financial activities comprise a wide range of activities such as banking, insurance and reinsurance services, brokerage services, investment consulting, real estate portfolio and asset management, financial lease, factoring services, portfolio and asset management. The liabilities on the Group's balance sheet are mainly composed of relatively short-term deposits, parallel to general liability structure of the banking system, which is its main field of activity. As for the non-deposit liabilities, funds are collected through medium and long-term instruments. The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Parent Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of the Republic of Turkey (CBRT). As a result, the liquidity of the Group and the banking system can be easily monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed-interest, and by closely monitoring the developments in the sector, both fixed and floating rate placements are made based on the yields of alternative investment instruments.

Some of the fixed interest liabilities that are issued/used by the Group companies are subject to fair value hedge accounting. The fair value risk of the related fixed interest financial liabilities is protected by interest rate swaps. Explanations on hedge accounting are explained in Section Three, footnote IV.2.

The principle of safety is prioritized in placement works, placements are directed to high yield and low risk assets by considering their maturity structures, while taking global and national economic expectations, market conditions, expectations and tendencies of current and potential loan customers, interest rate, liquidity, currency risks and etc, into consideration. In long term placements, a pricing policy aiming at high return is applied in general and attention is paid to maximizing non-interest income generation opportunities. In addition, the Bank and its subsidiaries within the scope of consolidation act in parallel with these strategies and within the legal limits in management of Financial Statements.

The primary objectives related to balance sheet components are set by the long-term plans shaped along with budgeting; and the Parent Bank takes the required positions against the short-term currency, interest rates and price fluctuations in accordance with these plans and the course of the market conditions.

Foreign currency, interest rate and price fluctuations in the markets are monitored instantaneously. While taking positions, in addition to the legal limits, the Parent Bank's own transaction and control limits are also effectively monitored in order to avoid limit overrides.

The Parent Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

2. Foreign Currency Transactions

The financial statements of the Parent Bank's branches and financial institutions that have been established abroad are prepared in functional currency prevailing in the economic environment that they operate in; and when they are consolidated, they are presented in TL, which are the functional currency of the Parent Bank and also the currency used in presentation of the financial statements.

Foreign currency monetary assets and liabilities on the balance sheet are converted into Turkish Lira by using the prevailing exchange rates at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into Turkish Lira by the rates at the date of which the fair value is determined. Exchange rate differences arising from the conversions of monetary foreign currency items and the collections of and payments in foreign currency transactions are reflected to the income statement.

While the Parent Bank and Türkiye Sinai Kalkınma Bankası A.Ş. one of the consolidated subsidiaries, use their own foreign currency exchange rates for their foreign currency transactions, other consolidated institutions residing domestically use the CBRT rates for their foreign currency transactions.

Assets and liabilities of the foreign branches of the Parent Bank and financial institutions that have been established abroad are converted into TL by using the prevailing exchange rates at the balance sheet date. Income and expenses of foreign branches are converted by at exchange rates at the dates of the transactions. Incomes and expenses of foreign financial institutions are converted into TL at average foreign currency rates of the balance sheet date as long as there is not a significant fluctuation in currency rates during the period. The exchange rate differences arising from the conversion to TL are recognized in the shareholders' equity.

Türkiye İş Bankası A.Ş. Notes To The Consolidated Financial Statements For The Year Ended December 31, 2021

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

III. Information on the Consolidated Companies

1. Basis of Consolidation:

The consolidated financial statements have been prepared in accordance with the procedures and principles listed in the “Communiqué Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks” published in the Official Gazette numbered 26340 dated November 8, 2006.

a. Subsidiaries:

A subsidiary is an entity that is controlled by the Parent.

Control; is the power of the Parent Bank to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person's capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding privileged shares or of agreements with other shareholders although not owning the majority of capital.

As per the “Communiqué Related to the Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette numbered 26340 dated November 8, there is no subsidiary or financial institution that is not included in the scope of consolidation as of the current period. Detailed information about the Bank's subsidiaries related to credit and financial institution is given in Section Five Note I.i.3

Under full consolidation method, the assets, liabilities, income and expenses, and off-balance sheet items of subsidiaries are combined with the equivalent items of the Parent Bank. The book value of the Parent Bank's investment in each of the subsidiaries and the Group's portion of equity of each subsidiary are eliminated. All significant transactions and balances between consolidated subsidiaries are eliminated reciprocally. Non-controlling interests in the net period profit/loss and in the equity of consolidated subsidiaries are calculated separately from the Group's net period profit/loss and the Group's shareholders' equity. Non-controlling interests are presented separately in the balance sheet and in the period profit/loss statement.

In preparing its consolidated financial statements, the Bank performed necessary corrections to ensure consistency of accounting policies used by consolidated subsidiaries. On the other hand, insurance companies under consolidation are obliged to carry their activities in accordance with the regulations and other legislations issued by Republic of Turkey Ministry t of Treasury and Finance and in the accompanying consolidated financial statements, financial reporting presentations of these companies are maintained in accordance with the insurance legislation.

TFRS 3 “Business Combinations” standard prescribes no depreciation to be recognized for goodwill arising on the acquisitions on or after March 31, 2004, realizing positive goodwill as an asset and application of impairment analysis as of balance sheet dates. In the same standard, it is also required from that date onwards that the negative goodwill, which occurs in the case of the Group's interest in the fair value of acquired identifiable assets and liabilities exceeds the acquisition cost to be recognized in profit or loss.

In the current period, positive consolidation goodwill amounting to TL 27,994 resulting from the acquisition of Moka Payment and Electronic Para Organization Inc. is included in the consolidated financial statements. Positive consolidation goodwill amounting to TL 35.974 in the previous period is associated with the results accounts in the current period.

The structured entity that is established within the Bank's securitization loan transactions are included in the consolidated financial statement although the bank does not have any subsidiaries.

b. Associates:

An associate is a domestic or foreign entity which the Parent Bank participates in its capital and over which it has a significant influence but no control.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds qualified shares in the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude the Parent Bank from having significant influence.

Qualified share is the share that directly or indirectly constitutes ten or more than ten percent of an entity's capital or voting rights and irrespective of this requirement, possession of privileged shares giving right to appoint members of board of directors.

Equity method is a method of accounting whereby the book value of the investor's share capital in the subsidiary or the joint venture is either added to or subtracted in proportion with investor's share from the change in the subsidiary's or joint venture's equity within the period. The method also foresees that profit will be deducted from the subsidiaries' or joint venture's accordingly recalculated value.

Arap-Türk Bankası A.Ş. is a subsidiary of the Bank acting as a credit institution or financial institution, is accounted under the equity method in the consolidated financial statements according to the “Communiqué on the Preparation of Consolidated Financial Statements”. Accounting policies of Arap Türk Bankası A.Ş. are not different than the Parent Bank's accounting policies. Detailed information about Arap Türk Bankası A.Ş. is given in Section Five Note I.h.2.

c. Jointly controlled entities:

A joint venture is an agreement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Bank does not have any jointly controlled entities which are credit or financial institutions in nature and to be consolidated in the financial statements by the equity method according to the “Regulation on Preparation of Consolidated Financial Statements of Banks”.

d. Principles applied during share transfer, merger and acquisition:

None.

2. Presentation of subsidiaries, associates and jointly controlled entities which are not credit or financial institutions in consolidated financial statements:

The subsidiaries, associates and jointly controlled entities which are not credit or financial institutions owned by the Bank and its subsidiaries are accounted accordingly to the equity method described in TAS 28 “Investments in Associates and Joint Ventures”.

IV. Forward, Option Contracts and Derivative Instruments

Derivative transactions of the Group consist of foreign currency and interest rate swaps, forwards, foreign currency options and interest rate options. The Group has no derivative instruments decomposed from the main contract.

The Group classifies derivative products “Derivative Financial Instruments at Fair Value through Profit or Loss” or “Derivative Financial Instruments through Other Comprehensive Income” according to the “TFRS 9-Financial Instruments” principles.



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1. Derivative Financial Instruments

Derivative transactions are recorded at their fair values as of the date of the contract and receivables and payables arising from these transactions are recorded in off-balance sheet accounts. Derivative transactions are measured at their fair values in the reporting periods after their recognition and if the valuation difference is positive, difference is presented under the “Derivative Financial Assets at Fair Value through Profit or Loss” and if the valuation difference is negative, then it is presented under the “Derivative Financial Liabilities at Fair Value through Profit and Loss”. The differences arising from the valuation of derivative transactions are associated with the income statement.

On off-balance sheet items table, options which generated assets for the Group are presented under “call options” line and which generated liabilities are presented under “put options” line.

2. Hedging Derivative Financial Instruments

TFRS 9 “Financial Instruments” rules that TAS 39 “Financial Instruments: Recognition and Measurement” value hedge accounting may continue to be implemented to hedge the fair value changes against interest rate risk. In this context, the principles of TAS 39 regarding hedge accounting for fair value hedge accounting continue to be applied in the accompanying financial statements.

Interest rate swaps are performed in order to hedge the changes in fair value of fixed interest rate financial instruments.

In this context, if the valuation differences of the derivative transactions are positive, they are included in “Derivative financial assets at Fair Value through Profit or Loss” and if the valuation differences are negative, they are included in “Derivative Financial Liabilities at Fair Value through Profit or Loss”. Changes in the fair value of the fixed rate financial liabilities subject to hedge accounting and changes in the fair value of interest rate swaps as hedging instruments are recorded under “Trading Profit/Loss” in the income statement.

At the beginning of the hedging transaction and in each reporting period, it is expected that the hedging transaction will offset the changes in the hedged risk arising from the hedged transaction (related to the hedged risk) and effectiveness tests are performed in this context. Efficiency tests are carried out with the “Dollar off-set method” and the hedging accounting is continued if the efficiency is between 80% and 125%.

The hedge accounting is terminated if the hedging instrument is terminated, realized, sold or the effectiveness test is ineffective. In the case of termination of fair value hedge accounting, the valuation effects of the fair value hedge accounting applied on the hedged financial instruments is reflected to the statement of profit or loss on a straight-line basis over the life of the hedged financial instrument.

V. Interest Income and Expenses

Interest income is calculated by using the effective interest rate method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) to gross carrying amount of financial asset in conformity with “TFRS 9 Financial Instruments” except financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired.

Under the scope of TFRS 9 application, the Group does not reverse the interest accruals and discounts of non-performing loans and other receivables and monitors the related amounts under interest income and calculates expected credit loss on these amounts according to the related methodology.

VI. Fees and Commission Income and Expenses

Wages and commissions those that are not an integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted for in accordance with “TFRS 15 - Revenue from Customer Contracts”. Fees and commission income and expenses are recognized either on accrual basis or by using the effective interest method. Income earned in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third party real person or corporate body are recognized in income accounts in the period of collection.

VII. Financial Assets

The Bank and its companies within the scope of “TFRS 9 Financial Instruments”, classifies and accounts its financial assets as “Financial Assets at Fair Value Through Profit or Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” or “Financial Assets at Measured at Amortized Cost” by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to TFRS 9 “Recognition and Derecognition in Statement of Financial Position” requirements. Financial asset is recognized in the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

The Group has three different business models for classification of financial assets;

- Business model aimed at holding financial assets in order to collect contractual cash flows: Financial assets held under the mentioned business model are managed to collect contractual cash flows over the life of these assets. The Group manages its assets held under this portfolio in order to collect certain contractual cash flows.
- Business model aimed at collecting contracted cash flows of financial assets and selling; in this business model, the Group intends both to collect contractual cash flows of financial assets and to sell these assets.
- Other business models; A business model in which financial assets; are not held within the scope of a business model aimed at collection of contractual cash flows and within the scope of a business model aimed at collecting and selling contracted cash flows, are measured by reflecting fair value in profit or loss.
- The Group is able to reclassify all affected financial assets in case it changes the business model that is used for the management of financial asset.
- In the event of the termination of the rights related to the cash flows from a financial asset, the transfer of all risks and rewards of the financial asset to a significant extent or has no longer control of the financial assets, the financial asset is derecognized.

1. Financial Assets at Fair Value Through Profit or Loss

Financial assets except financial assets measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason or financial assets that are not held in a business model that aims at collecting and/or selling contractual cash flows of financial assets.

Financial assets at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. Gains or losses arising from the valuation are related to profit and loss accounts.

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In some cases, restructuring, alteration or counterparty changes of contractual cash flows of loans may lead to derecognition of related loans in accordance with TFRS 9. When the change in the financial asset results from derecognizing the existing financial asset from the financial statements and the revised financial asset is recognized in the financial statements, the revised financial asset is considered as a new financial asset in accordance with TFRS 9. When it is determined that there are significant changes between the new conditions of the revised financial asset and the first conditions in related agreements, the Group evaluates the new financial asset according to the current business models. When it is determined that the contractual conditions do not only result in cash flows that include principal and interest payments at certain dates, the financial asset is recognized at fair value and is subject to valuation. The differences arising from the valuation are reflected in the nominal accounts.

The Group recognizes loans at fair value through profit or loss, if the contractual terms of the loan, do not result in cash flows including the principal payments and interest payments generated from principal amounts at certain dates. These loans are valued at their fair values after their recognition and the losses or gains arising from the valuation are included in the profit and loss accounts.

2. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income are financial assets that are held under a business model that aims both to collect contractual cash flows and to sell financial assets, and financial assets with contractual terms that lead to cash flows that are solely payments of principal and interest on the principle amount outstanding at specific dates.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction costs on the financial statements. The initial recognition and subsequent valuation of such financial assets, including the transaction costs, are carried out on a fair value basis and the difference between amortized cost and the cost of borrowing instruments is recognized in profit or loss by using the effective interest method. Dividend income arising from investments in equity instruments that are classified as at fair value through other comprehensive income is also recognized in income statements.

Gains and losses, except impairment gain or loss and foreign exchange gain or loss, arising from changes in the fair value of financial assets at fair value through other comprehensive income are reflected to other comprehensive income until derecognized or reclassified. When the value of the financial asset is collected or financial asset is disposed, the related fair value differences accumulated in the shareholders’ equity are transferred to the profit/loss statement.

During the initial introduction to financial statements, amendments to the fair value of an investment in an equity instrument within the framework of TFRS 9 that are not held for trading or that are not valued in a financial statement of an entity that acquires business combinations under the “TFRS 3 Business Combinations” may be subject to an irreversible preference regarding these amendments being accounted in other comprehensive income. In such case, dividends taken from mentioned investment will be accounted in financial statement as profit or loss.

3. Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are those financial assets that are held within the framework of a business model aimed at collecting contractual cash flows over the life of the asset and which result in cash flows that include principal and interest on the principal amount outstanding at specific dates. Financial assets measured at amortized cost with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the effective interest rate method, after eliminating any provision for impairment if there is any. Interest income measured by using the effective interest rate method are recognized in the income statement as an “interest income”.

The Bank and subsidiaries evaluate their loans within the framework of current business models and depending on these evaluations, they can be classified as Financial Assets measured at Amortized Cost.

VIII. Impairment of Financial Assets

In accordance with the “TFRS 9- Financial Instruments” and the regulation “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” issued by BRSA, the Bank recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income, financial assets measured at amortized cost, impaired credit commitments and financial guarantee contracts.

Within the scope of TFRS 9, the expected credit loss is calculated according to the “three-stage” impairment model based on the change in the loan quality of financial assets after the initial recognition and detailed in the following headings:

Stage 1:

An important determinant for calculating the expected credit loss in accordance with TFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the stage 1. Impairment for credit risk for the Stage 1 financial assets is equal to the 12-month expected credit losses.

Based on the BRSA's decision dated 17.06.2021 and numbered 9624, until 30.09.2021, the 30-days past due period foreseen for loans, in order to be classified as Stage 2, has been to be applied as 90 days past due for Stage 1 loans. In addition, the Bank provides provisions for customers in this group with a delay of more than 30 days, in accordance with its own risk policies and models, which also evaluate the borrower's conditions.

The 30-days past due period foreseen for loans to be classified as Stage 2, to be applied as 90 days for Stage 1 loans until the date of 30.09.2021 in accordance with the BRSA's decision dated 16.09.2021 and numbered 9795.

Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument's lifetime expected credit loss.

In order to classify a financial asset in the Stage 2, the following criteria is considered:

- Overdue between 30-90 days
- Restructuring of the loan
- Significant deterioration in the probability of default

In other respect, the 30-days past due period foreseen for loans to be classified as Stage 2, to be applied as 90 days for Stage 1 loans until the date of 30.09.2021 in accordance with the BRSA's decision dated 17.06.2021 and numbered 9624. For the abovementioned group with a past due date more than 90 days, the Bank allocates provisions in accordance with its risk policies and applies grouping approach and models in which also evaluate the borrower's conditions.



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The 30-days past due period foreseen for loans to be classified as Stage 2, to be applied as 90 days for Stage 1 loans until the date of 30.09.2021 in accordance with the BRSA's decision dated 16.09.2021 and numbered 9795.

In case of a significant deterioration in the probability of default, the credit risk is considered to be increased significantly and the financial asset is classified as stage 2. The absolute and gradual thresholds used to increase the probability of default are differentiated on the basis of portfolio and product group. In this manner, for the commercial portfolio, definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from the integrated rating/score based on internal rating and probability of default of the same loan on reporting date, obtained from the integrated rating/score based on internal rating. For the individual portfolio, it is accepted that the probability of default is worsened in cases where the behavioral score falls below the thresholds determined on the basis of the product and the probability of default exceeds the thresholds determined on the basis of the product.

Stage 3:

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the stage 3.

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or cannot be collected or there is a certain opinion on this matter

In other respect, based on the BRSA's decision dated 17.06.2021 and numbered 9624, the 90-days past due period for classifying loans as non-performing loans is applied as 180 days until 30.09.2021.

Based on the BRSA's decision dated 16.09.2021 and numbered 9795, the implementation of the 90-day past due period for the classifying loans as non-performing loans as 180 days has been terminated by the end of 30.09.2021.

While estimating the expected credit loss, statistical models, methods and tools are used in accordance with the relevant legislation and accounting standards. Expected credit loss is measured using reasonable and supportable information by taking current and forecasts of future economic information into consideration, including macroeconomic factors. Three scenarios, base scenario, optimistic scenario and the worst scenario, are used in forecasting studies made by macroeconomic models. The variables used in these macroeconomic estimates include Industrial Production Index, Employment Ratio and Credit Default Swap indicators. The validity of the risk parameter estimates used in the calculation of expected credit losses is reviewed and evaluated at least annually within the framework of model validation processes. Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect the changes in economic conjuncture and are updated if needed. In the expected credit loss calculations, macroeconomic information is taken into account under multiple scenarios. In this framework, as a result of the review activities carried out in June 2021, the probability of default models and macroeconomic models that associate default probabilities with macroeconomic variables have been updated; Future estimates have also been updated. In December 2021, the macroeconomic forecasts in our Bank's Business Program for 2022, which were approved by the Board of Directors, started to be used.

Except for demand or revolving loans, the maximum period for which expected credit losses are to be determined is the contractual life of the financial asset. For demand or revolving loans, maturity is determined by taking the future risk mitigation processes into account such as behavioral maturity analyses performed by the Bank and cancellation/revision of the Bank's credit limit.

While calculating the expected credit loss, aside from assessment of whether there is a significant increase in credit risk or not, basic parameters expressed as probability of default, loss given default and exposure at default are used.

Probability of Default: Represents the probability of default on the loan over a specified time period. In this context, the Bank has developed models to calculate 12-month and life-time default probabilities by using internal rating based credit rating models. As for the Group Companies historical probability of default data has also been observed.

Loss Given Default (LGD): Defined as the damage caused by the default of borrower to the total balance of the exposure at the time of default. The LGD estimates are determined in terms of credit risk groups that are detailed in the Bank's data resources and system facilities. The model used for the estimation of the LGD was established by taking into account the direct cost items during the collection process based on the historical data of the Bank's collection, and cash flows are discounted at effective interest rates.

Exposure at Default: For cash loans, the cash balance at the date of report, for non-cash loans the balance calculated using the Credit Conversion Factor (CCF) is represented by Exposure at Default.

Credit Conversion Factor: It is calculated for non-cash loans (undrawn limit for revolving loans, commitments, non-cash loans etc.) The historical limit usage data of the Bank for revolving loans are analyzed and the limit amount that can be used until the moment of default is estimated. For non-cash loans, the cash conversion ratio of the loan amount is estimated by analyzing the product type and the past compensation amount of the Group.

Credit risks, which require qualitative assessments due to their characteristics and differ followed by grouping in this manner, are considered as individual within the internal policies. Calculations are made by the method of discounted cash flows with the effective interest rate expected from the relevant financial instrument. Discounted cash flows are estimated for 3 different scenarios in which parameters are differentiated, and individual expected credit loss is calculated by taking into consideration the cash deficit amounts weighted according to probabilities.

Developments recorded in the Bank, the world and the Turkish economy, and besides that, as mentioned above, the Bank allocated expected credit losses by reflecting additional provisions through individual assessments performed for the customers that operates in sectors where the impact might be high in accordance with the Bank's risk policies.

Expected credit loss is reflected in the income statement. Released provisions in the current year are accounted under "Expected Credit Loss Expenses" and released provision which is carried from the prior year are accounted under "Other Operating Income".

Receivables evidenced through the Legal Process that collection is not possible can be written-off by fulfilling the requirements of the Tax Procedure Law. Besides, loans for which specific provision is allocated and for which there is no reasonable expectation of recovery might be written-off.

IX. Offsetting Financial Instruments

Financial assets and financial liabilities shall be offset and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

X. Sale and Repurchase Agreements and Securities Lending Transactions

Marketable securities subject to repurchase agreements are classified under "Financial Assets at Fair Value through Profit and Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost" in the portfolio and they are valued according to the valuation principles of the related portfolios.

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Funds obtained from the repurchase agreements are recognized under "Funds from Repurchase Transactions" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the effective interest rate method.

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period, income accrual is calculated using the effective interest rate method.

XI. Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities

Assets that meet the criteria to be classified as held for sale within the scope of "IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations" are measured at the lower one of their fair value and their carrying amount which from the costs to sell are deducted and presented separately within the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active programme to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a group that either has been disposed of or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

XII. Goodwill and Other Intangible Assets

The Group's intangible assets consist of consolidation goodwill, software programs and rights.

Goodwill arising from the acquisition of a subsidiary represents the excess of cost of acquisition over the fair value of Group's share of the identifiable assets, liabilities, or contingent liabilities of the acquired subsidiary at the date of acquisition of the control. Goodwill is recognized as an asset at cost and then carried at cost less accumulated impairment losses. In impairment-loss test, goodwill is allocated between the Group's every cash-generating unit that is expected to benefit from the synergies of the business combination. To control whether there is an impairment loss in the cash-generating units that goodwill is allocated, impairment- loss test is applied every year or more often if there are indications of impairment loss. In the cases, recoverable amount of cash-generating unit is smaller than its book value; impairment loss is firstly used in reduction of book value of the cash-generating unit, and then the other assets proportionally. Goodwill which is allocated for the impairment losses could not be reversed. When a subsidiary is to be sold, related goodwill amount is combined with the profit/loss relating to this disposal. Positive goodwill arising from the Group's investments in its subsidiaries is recognized in "Intangible Assets". Explanations on consolidation goodwill are given in Section Three, Note III.1.a.As for other intangible assets, the purchased items are presented with their acquisition costs less the accumulated amortization and impairment provisions. In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of TAS 36 "Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost. The related assets are amortized by the straight-line method considering their estimated useful life. The amortization method and period are periodically reviewed at the end of each year.

XIII. Tangible Assets

The Bank and Group companies follow their real estates in use, which are recorded under tangible fixed assets, according to the revaluation model within the framework of "TAS 16 – Property, Plant and Equipment" since 2015. The positive difference between the net book value of real estate property values and the renewed expertise values which are determined by the licensed valuation in 2021companies are recorded under the shareholders' equity.

In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of "TAS 36 – Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

Tangible assets other than the land and construction in progress are amortized by the straight-line method, according to their estimated useful lives. The estimated useful life, residual amount and the method of amortization are reviewed every year for the possible effects of the changes that occur in the estimates and if there is any change in the estimates, they are recognized prospectively.

Assets held under finance lease are depreciated over the expected useful life of the related assets.

Assets subject to leasing are depreciated according to relevant contract periods.

Leasehold improvements are amortized in equal amounts considering their useful life. However, in any case the useful life cannot exceed leasing term. When the lease period is not certain or longer than 5 years, the amortization period is recognized as 5 years.

The difference between the sales proceeds arising from the disposal of tangible assets or the inactivation of tangible asset and the book value of the tangible assets are recognized in the profit and loss accounts.

Regular maintenance and repair cost incurred for tangible assets are recognized as expense.

There are no pledges, mortgages and similar encumbrances on tangible assets.

The "Regulation on Procedures and Principles for the Trading of Precious Metals by Banks and the Disposal of Commodities and Real Properties acquired by Banks due to their Receivables" has been abolished by BRSA effective from January 1, 2017. Real properties acquired by Group due to their receivables and not treated in the scope of "TFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" has been started to follow under "Other Assets" in accordance with the related accounting standard from the current period.

The depreciation rates used in amortization of tangible assets and their estimated useful lives are as follows:

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	50	2%
Safe Boxes	2-50	2% - 50%
Other Movables	2-25	4% - 50%



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XIV. Investment Property

Investment properties are kind of properties held by the Group to earn rent income or benefit from valuation surplus. The investment properties of the Group are measured at their fair values in the consolidated financial statements in accordance with "TAS 40 Investment Property". Any gains or losses arising from changes in fair values of investment properties are recognised in "Other Operating Incomes" and "Other Operating Expenses" for the related period.

XV. Leasing Transactions

Assets acquired through financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables is recognized as a deferred amount of interest. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps a fixed rate interest on the remaining principal amount of the debt to be calculated.

Within the context of the consolidation general borrowing policy, financial expenses are recognized in the income statement. Assets held under financial leases are recognized under the tangible assets account and are depreciated by using the straight line method. There is one company which exclusively does finance leases (İş Finansal Kiralama A.Ş.) and one bank (Türkiye Sınai Kalkınma Bankası A.Ş.) which operates finance lease activities as per provisional article No 4 of the Banking Law No 5411. Finance lease activities are operated according to the "Law on Financial Leasing, Factoring and Financing" No 6361.

The Bank and the Companies in scope of consolidation have accounted for recognized operating leases in accordance with the TFRS 16 "leases" standard. Operating leases within the framework of the aforementioned standard are monitored in a similar manner to financial leases. For the agreements within the scope of TFRS 16, the right-of-use-asset and the lease payments are reflected to the financial statements and they are presented under "Tangible Assets" and "Liabilities from Financial Leases", respectively. The lease liability is calculated by discounting the future lease payments by the use of the Banks or alternative borrowing interest rates at the date of initial application or contract date. Fixed assets, which are accounted as right-of-use assets, are subject to depreciation considering the period of the contract. Interest expenses and foreign exchange differences related to the lease liabilities are associated with profit and loss statement.

XVI. Insurance Technical Income and Expense

In insurance companies, premium income is obtained after diminishing the shares transferred from arranged policy income to reinsurer.

Claims are recorded in expense on accrual basis. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reassurer' shares of outstanding and paid claims are offset in these provisions.

XVII. Insurance Technical Provisions

TFRS 4 "Insurance Standards" requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement".

Within the framework of the current insurance regulation, insurance technical provisions accounted by insurance companies for unearned premium claims, unexpired risk reserves, outstanding claims and life-mathematical reserves are presented in the consolidated financial statements.

Unearned premium reserve is recognized on accrued premiums without discount or commission which extends to the next period or periods on a daily basis for the current insurance contracts.

In case the expected loss premium ratio is over 95%, the unexpired risk reserves are recognized for the main branches specified by the Undersecretariat of Treasury. For each main branch, the amount found by multiplying the ratio exceeding 95% by the net unearned premium provision, is added to the unearned premium provision of that main branch.

If the outstanding claim reserve is established and confirmed by approximation and if there are unpaid or unidentified compensation amounts in both prior and current accounting periods; it is separated for estimated yet unreported compensation amounts.

Mathematical reserve is recognized on actuarial bases in order to meet the requirements of policyholders and beneficiaries for life, health and personal accident insurance contracts for a period longer than a year.

On the other hand, actuarial chain ladder method is used to estimate the reserve amount to be set aside in the current period by looking at the data of the past materialized losses. If the reserve amount found as a result of this method exceeds the amount of reserve for the amount of uncertain indemnity, additional reserve must be set aside for the difference.

Reinsurance companies recognize for the outstanding claims that is declared by the companies, accrued and determined on account.

Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted. Insurance premiums ceded to reinsurers on contracts that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

Costs which vary and are directly associated with the acquisition of insurance and reinsurance contracts including brokerage, commissions, underwriting expenses and other acquisition costs are deferred and amortized over the period of contract, consistent with the earning of premium.

XVIII. Provisions and Contingent Liabilities

As of the end of the reporting period, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists, the entity recognizes a provision in the financial statements. As of the end of the reporting period where it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability on footnotes unless the possibility of an outflow of resources embodying economic benefits is remote.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation.

Provisions are calculated based on the reliable estimates of management of the Parent Bank and subsidiaries on the expenses to incur as of the balance sheet date to fulfill the liability by considering the risks and uncertainties related to the liability. In case the provision is measured by using the estimated cash flows required to fulfill the existing liability, the book value of the related liability is equal to the present value of the related cash flows.

If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

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XIX. Contingent Assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Parent Bank and the Group. Since showing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements, but if there is a possibility that an inflow of economic benefits of these assets may occur then it is explained in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and if it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XX. Liabilities Regarding Employee Benefits

1. Severance Indemnities and Short-Term Employee Benefits

According to the related regulation and the collective bargaining agreements, the Parent Bank and consolidated Group companies (excluding the subsidiaries residing outside Turkey) are obliged to pay termination benefits for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. Within the scope of TAS 19 "Employee Benefits", the Parent Bank allocates severance indemnity provisions for employee benefits by estimating the present value of the probable future liabilities. According to TAS 19, all actuarial gains and losses occurred are recognized under shareholders' equity. As the legislations of the countries in which the Parent Bank's non-resident subsidiaries operate do not require retirement pay provision, no provision liability has been recognized for the related companies. In addition, provision is also allocated for the unused paid vacation.

2. Retirement Benefit Obligations

İşbank Pension Fund (Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı), of which each employee of the Parent Bank is a member, has been established according to the provisional Article 20 of the Social Security Act No 506. As per provisional article numbered 23 of the Banking Law numbered 5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Act, will be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 numbered 2006/11345. However, the related article of the act has been cancelled upon the President's application dated November 2, 2005, by the Supreme Court's decision dated March 22, 2007. Nr.E.2005/39. K.2007/33, which was published on the Official Gazette dated March 31, 2007 and numbered 26479 and the execution decision was ceased as of the issuance date of the related decision.

After the justified decree related to cancelling the provisional Article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated December 15, 2007 and numbered 26731. Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published on the Official Gazette dated May 8, 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the Bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision.

However related transfer period has been prolonged for 2 years by the Cabinet decision dated, March 14, 2011. which was published on the Official Gazette dated April 9, 2011 and numbered 27900, In addition, by the Law "Emendating Social Security and General Health Insurance Act", which was published on the Official Gazette dated March 8, 2012 and numbered 28227, this period of 2 years has been raised to 4 years after that related transfer period has been prolonged for one more year by the Cabinet decision dated April 8, 2013, which was published on the Official Gazette dated May 3, 2013 and numbered 28636 also this period has revalidated one more year by the Cabinet decision dated February 24, 2014, which was published on the Official Gazette dated April 30, 2014 and numbered 28987.

The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the "Occupational Health and Safety Law and Other Laws and Decree Laws" published in the Official Gazette dated April 23, 2015 and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which published in the repetitive Official Gazette No. 30473 dated July 9, 2018.

On the other hand, the application made on June 19, 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on March 30, 2011.

The above mentioned Law also states that;

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization. Banking Regulation and Supervision Agency. Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.8% will be used in the actuarial calculation of the value in cash
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

In line with the new law, the Bank obtained a technical actuarial valuation report from a licensed actuary for the year ended December 31, 2021. In related period's financial statements, Bank provided full provision for the total amount of technical and actual deficit stated in the actuarial report of the aforementioned period The actuarial assumptions used in the related actuarial report are given in Section Five Note II-h-4-1. Besides the Parent Bank; Anadolu Anonim Türk Sigorta Şirketi, Milli Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. also had actuarial valuations as of December 31, 2021 for their pension funds. The provision amount of actuarial and technical deficit, which was measured according to actuarial report of Milli Reasürans T.A.Ş., is added in the financial statements for the current period. According to actuarial report of Anadolu Anonim Türk Sigorta Şirketi and Türkiye Sınai Kalkınma Bankası, there is not any additional operational or actuarial liability.

İşbank Members' Supplementary Pension Fund has been founded by the Parent Bank to provide beneficiaries with additional social security and solidarity rights to compulsory social security benefits as per the provisions of the Turkish Commercial Code and Turkish Civil Code. Those are also valid for the supplementary pension funds of the employees of Anadolu Anonim Türk Sigorta Şirketi, Milli Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. which are among the other financial institutions of the Group.

XXI. Taxation

1. Corporate Tax:

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

In accordance with the Provisional Article 13 added to the Corporate Tax Law Numbered 5520 with the Law Numbered 7316, the 20% rate foreseen in the calculation of the corporate tax for the corporate earnings of the 2021 taxation period is determined as 25% (starting from the declarations to be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021), and as 23% for the corporate earnings for the 2022 taxation period. In this context, the Corporate Tax rate as of September 30, 2021 is 25%.



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As per the Corporate Tax law, temporary tax is calculated and paid quarterly in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax. The 3rd provisional tax for the year 2021 will be paid in November 2021 for to be deducted from the corporate tax of the current taxation period.

Tax provision consists of current tax provision and deferred tax income/expense. The current tax liability is calculated over the portion of the period subject to taxation. The taxable profit differs from the profit involved in the statement of profit and loss, as the income and expense items that can be taxable or deductible at other periods, and items that are not taxable or deductible are excluded. The current tax amounts payable are netted off with prepaid tax amounts and presented on the financial statements.

Within the framework of the Corporate Tax Law numbered 5520, 75% of the gains on the sale of the participation shares, which were held in the assets for a minimum of 2 whole years and 75% of the gains on the sale of immovable are exempt from tax provided that they are added to the capital as set forth by the Law or that they are kept in a special fund under liabilities for a period of 5 years. However, in accordance with Article 89 / a of the Law No. 7061 and Article 5.1.e and Article 5.1.f of the Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, the 75% applied in terms of immovable sales mentioned above has been reduced to 50% which is effective from the date of publication of the Law.

In accordance with the provision of Article 298 / A of the Tax Procedure Law, the necessary conditions for inflation adjustment in the calculation of corporate tax as of the end of the 2021 calendar year have been met. However, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023 with the regulation made with the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated 29.01.2022 and numbered 31734. Accordingly, VUK (Tax Procedure Law) financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and the 2023 accounting period will not be subject to inflation adjustment as of the temporary tax periods. will be subject to inflation adjustment regardless.

2. Deferred Tax:

Deferred tax asset or liability is determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the legal tax base account, by taking the legal tax rates into account. Deferred tax debts are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Free provisions that are allocated for possible future risks and they are not subject to deferred tax calculation. No tax assets or liabilities are recognized for the temporary timing difference that affects neither the taxable profit nor the accounting profit and that arises from the initial recognition in the balance sheet, of assets and liabilities, other than the goodwill and mergers. The Bank calculates deferred tax for the provisions allocated for Stage 1 and Stage 2 expected credit loss.

The carrying values of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at enacted tax rates prevailing in the period or about to be enacted when the assets are realized or liabilities are settled, and the tax is recognized as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. In accordance with the Provisional Article 13 added to the Corporate Tax Law Numbered 5520 with the Law Numbered 7316, the 20% rate foreseen in the calculation of the corporate tax for the corporate earnings of the 2021 taxation period is determined as 25% (starting from the declarations to be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021), and as 23% for the corporate earnings for the 2022 taxation period. The Bank has calculated deferred tax by using 20%, 23%, 25% rates considering the periods when deferred tax assets and liabilities are realized.

Deferred tax assets and liability of the Bank and consolidated companies are shown by way of offsetting in separate financial statements of each entities. In the consolidated financial statements, on the other hand, the deferred tax assets and liabilities that come from the companies as offset are separately involved in the assets and liabilities.

3. Tax Practices in the Countries that Foreign Branches Operate:

Turkish Republic of Northern Cyprus (TRNC)

In accordance with TRNC tax legislation, 15% income tax is accrued on the remaining tax base after 10% corporate tax is deducted from corporate income. The tax bases for companies are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. Income tax is paid in June, and corporate tax payment is made in two equal installments, in May and in October. On the other hand, withholding tax is paid in TRNC over interest income and similar gains of the companies. The related withholding tax payments and provisional tax paid every quarter during the year are deducted from corporate tax payable and the difference between withholding and provisional tax amounts and corporate tax payable is discounted from income tax provided that the withholding tax and paid provisional tax amounts are higher than corporate tax amount.

England

Corporate earnings are subject to 19% corporate tax in England. The relevant rate is applied to the tax base that is determined by adding the expenses that cannot be deducted due to the regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. In other respect, if the tax base calculated in accordance with the country legislation is within a certain range, the temporary corporate tax is paid in July, October of the relevant year and in January and April of the following year; If it is over a certain amount, it is paid in 4 installments in March, June, September and December of the relevant year. The corporate tax amount must be finalized and paid by the end of September of the year following the year of profit. In case the corporate tax payable as a result of the calculation is below the temporary taxes paid, the difference amount is deducted later or paid back to the Branch by the authority.

Bahrain

Banks in Bahrain are not subject to tax according to the regulations of the country.

The Republic of Iraq (Iraq)

The corporate tax rate in Iraq is 15%, and the corporate tax is paid on a consolidated basis to the tax office of the foreign bank's central branch. The first branch established in Iraq is considered as the central branch. Foreign bank branches whose central branch is within the boundaries of the Central Government must present their consolidated financial statements and pay accrued tax to the relevant tax office by the end of May of the following year, and branches of foreign banks whose central branch is within the boundaries of the Northern Iraq Regional Government must present their financial statements and pay accrued tax by the end of June of the following year at the latest. Northern Iraq Regional Government tax offices can accrue fixed taxes other than the specified rate and can postpone the due date.

Kosovo

Corporate earnings are subject to income tax rate of 10% according to the Kosovo legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the corporate income and that are calculated in accordance with the tax laws. Tax has to be paid in advance until April, July, October and the 15th day of January of the following year by four installments. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the end of March of the following year, in case of a claim made by company, if it is higher, then the difference is returned to the institution by the tax authorities after the inspection conducted by those institution.

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Georgia

Corporate earnings are subject to income tax rate of 15% according to the Georgian legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the income of corporations and that are calculated in accordance with the tax laws. In addition, in accordance with the legislation of Georgia, each year during May, July, September and December the amount of tax, that calculated according to the previous year income tax, is paid to the tax office by four equal installments of the probable income that is likely to be obtained the current year. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the beginning of April of the following year, if it is higher, then the difference is returned to the institution by the tax authorities.

Germany

According to the tax regulations in Germany, corporate gains are subject to 15% corporate tax, 16.7% income and industrial tax. In addition to this, a solidarity tax of 5.5% is calculated over this corporate tax. The tax bases for corporate, income and industrial services are determined by adding the expenses that cannot be deducted according to Germany regulations, to interest, commissions and other operating gains and by subtracting exemptions and deductions from these. The corporate tax payments are made as temporary tax payments in four installments and are deducted from the corporate tax that is finalized at the end of the current year.

Russia

According to the Russian regulations, corporate gains are subject to 20% corporate tax. The corporate tax base is determined on accrual basis and it is measured by adding the non-deductible expenses to the corporate income gained during the period. Companies in Russia make quarterly tax returns and make provisional tax payment by offsetting the advance taxes paid during the period. Final taxation period for corporate tax is one year and the corporate tax is paid until the end of March of the following year, by considering the provisional taxes paid during the year. Coupon income from government bonds of the Russian Federation and Belarus, as well as the Ruble and some other private bonds issued by Russian companies after January 1, 2017 and traded on the stock exchange are subject to a corporate tax of 15%. The securities in the question income is paid within 10 business days from the end of the month following the bond sale or coupon payment and tax on remaining securities is paid on the day of payment of corporate tax.

4. Transfer Pricing:

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled "Transfer Pricing through Camouflage of Earnings". Detailed information for the practice regarding the subject is found in the "General Communiqué Regarding Camouflage of Earnings through Transfer Pricing".

According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against "arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions according to article 11 of Corporate Tax Law in means of corporate tax.

XXII. Additional Information on Borrowings

The Parent Bank and its consolidated companies, whenever required, generates funds from individuals and institutions residing domestically and abroad by approaching the borrowing instruments in the form of syndication, securitization, collateralized borrowing and issue of bonds/bills. Such transactions are at first carried at acquisition cost, and in the following periods they are valued at amortized cost measured by using the effective interest rate method.

Part of the bills issued by the Group with fixed interest and a part of its liabilities with fixed interest are subject to fair value hedge accounting. While the rediscounted credit risk and accumulated interest amount subject to hedging liability are recognized in "Interest Expenses" under profit/loss statement; net amount resulted of the hedge accounting other than the credit risk and accumulated interest amount are recognized in "Derivative Financial Transactions Gains/Losses" under profit/loss statement by using fair value model. In the balance sheet, these valuations are presented with the related liabilities.

XXIII. Information on Equity Shares and Their Issuance

Share issuance related to costs is recognized as expenses.

Dividend income related with the equity shares are determined by the General Assembly of the Shareholders.

Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods.

The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The Parent Bank's earnings per share calculations taking place in the consolidated profit/loss statement are as follows.

	Current Period	Prior Period
Group's net profit	13,541,060	6,655,442
Weighted average number of shares (thousands)	112,502,250	112,502,250
Earnings per share – (in exact TL)	0.120362571	0.059158301

XXIV. Bank Acceptances and Bills of Guarantee

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XXV. Government Incentives

There are no government incentives utilized by the Bank or the companies included in consolidation, during the current or prior accounting periods.

XXVI. Segment Reporting

Business segment is the part of an enterprise.

- which conducts business operations where it can gain revenues and make expenditures (including the revenues and expenses related to the transactions made with the other parts of the enterprise).
- whose operating results are regularly monitored by the authorities with the power to make decisions related to the operations of the enterprise in order to make decisions related to the funds to be allocated to the segment and to evaluate the performance of the segment and
- which has its separate financial information.

Information on business segmentation and related information is explained in Section IV Footnote VIII.

XXVII. Other Disclosures

According to the Uniform Chart of Accounts that entered into force on 01.01.2021, the amount of guarantees given for derivative transactions with foreign banks, which were followed in "Other Assets" in previous periods, started to be followed under "Cash and Cash Equivalents-Banks". In order to ensure compliance with the current period consolidated statement of financial position, a reclassification of TL 2,637,289 has been carried out among the mentioned items in the consolidated statement of financial position dated 31.12.2020. The effects of this classification on the consolidated statement of cash flows have also been updated. The said reclassification did not have a significant impact on the size and performance of the Bank's consolidated statement of financial position.



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SECTION FOUR: INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. Explanations on Shareholders’ Equity:

1. Explanations on Consolidated Shareholders’ Equity

The Bank’s consolidated capital adequacy ratio is 18.69%. (December 31, 2020: 16.99%). The capital adequacy standard ratio for the current period was calculated based on the Regulation on Measurement and Assessment of Capital Adequacy of Banks and other legal regulations and the BRSA regulation dated 21.12.2021 and numbered 9996. Within the scope of this regulation, the equity amount calculated without reflecting the negative net valuation differences of the securities included in the "Fair Value Through Other Comprehensive Income" portfolio acquired before 21.12.2021 was taken into consideration. In the calculation of the amount subject to credit risk in accordance with the same regulation, the simple arithmetic average of the last 252 business days in the foreign exchange buying rates of the Central Bank of the Republic of Turkey was used.

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	6,115,938	6,115,938
Share Premium	143,633	124,549
Legal Reserves	50,721,897	43,421,096
Other Comprehensive Income According to TAS	23,224,481	10,401,612
Profit	13,502,913	8,378,887
Net Current Period Profit	13,541,060	6,655,442
Prior Period Profit	(38,147)	1,723,445
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	(1,117)	(1,120)
Minority Shares	2,286,331	1,850,295
Common Equity Tier I Capital Before Deductions	95,994,076	70,291,257
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9, (i) of the Regulation on Bank Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	1,144,288	343,449
Leasehold improvements on operational leases	89,996	79,888
Goodwill Netted with Deferred Tax Liabilities	27,994	35,974
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,965,525	1,494,511
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences		
Differences Arise When Assets and Liabilities Not Held at Fair Value, are Subjected to Cash Flow Hedge Accounting		
Total Credit Losses That Exceed Total Expected Loss Calculated According to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach		
Securitization Gains		
Unrealized Gains and Losses from Changes in Bank’s Liabilities’ Fair Values due to Changes in Creditworthiness		
Net Amount of Defined Benefit Plans		
Direct and Indirect Investments of the Bank on its own Tier 1 Capital	551,575	542,681
Shares Obtained against Article 56, Paragraph 4 of the Banking Law		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns more than %10 % of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Mortgage Servicing Rights (amount above 10% threshold of above Tier I capital)		
Deferred Tax Assets Arising from Temporary Differences (amount above 10% threshold of above Tier I Capital)		
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks		
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital		
Excess Amount arising from Mortgage Servicing Rights		
Excess Amount arising from Deferred Tax Assets from Temporary Differences		
Other Items to be Defined by the BRSA		

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	Current Period	Prior Period
Deductions from Tier I Capital in Cases where there are no Adequate Additional Tier I or Tier II Capitals		
Total Deductions from Common Equity Tier 1	3,779,378	2,496,503
Total Common Equity Tier I capital	92,214,698	67,794,754
ADDITIONAL TIER I CAPITAL		
Privileged stocks not included in common equity and share premiums		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Shares of Third Parties in Additional Tier I Capital	1,586,764	1,243,007
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)		
Additional Tier I Capital before Deductions	1,586,764	1,243,007
Deductions from Additional Tier 1 Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital		
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank’s Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital		
Other items to be defined by the BRSA		
Items to be Deducted from Tier 1 Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Net Deferred Tax Asset/Liability not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Deduction from Additional Tier 1 Capital when there is not enough Tier II Capital (-)		
Total Deductions from Additional Tier I Capital		
Total Additional Tier I Capital	1,586,764	1,243,007
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	93,801,462	69,037,761
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	22,518,677	13,670,323
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	1,046,800	1,253,000
Shares of Third Parties in Additional Tier I Capital	884,387	686,756
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	7,483,983	5,930,962
Tier II Capital before Regulatory Adjustments	31,933,847	21,541,041
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)		
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank’s Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital		
Other items to be Defined by the BRSA (-)		
Total Deductions from Tier II Capital		
Total Tier II Capital	31,933,847	21,541,041
Total Equity (Total Tier I and Tier II Capital)	125,735,309	90,578,802
Deductions from Total Equity	1,274	1,102
Loans Granted against the Articles 50 and 51 of the Banking Law	1,194	721
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years		
Other items to be Defined by the BRSA	80	381



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	Current Period	Prior Period
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation		
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation		
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	125,734,035	90,577,700
Total Risk Weighted Assets	672,862,034	533,067,742
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	13.71	12.72
Consolidated Tier I Capital Ratio (%)	13.94	12.95
Consolidated Capital Adequacy Ratio (%)	18.69	16.99
BUFFERS		
Total Additional Common Equity Requirement Ratio (a+b+c)	4.060	4.560
a) Capital Conservation Buffer Ratio (%)	2.500	2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.060	0.060
c) Systemic Bank Buffer Ratio (%)	1.500	2.000
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	7.94	6.95
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital		
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	280,196	242,174
Remaining Mortgage Servicing Rights		
Net Deferred Tax Assets arising from Temporary Differences	3,118,976	3,672,736
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	17,706,672	12,251,260
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	7,483,983	5,930,962
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach		
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets		
Debt Instruments Covered by Temporary Article 4 (effective between January 1, 2018 - January 1, 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4		
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	1,046,800	1,253,000
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	17,272,200	9,086,000

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2. Information on instruments to be included in the consolidated capital calculation:				
Issuer	Türkiye İş Bankası A.Ş.			
Unique identifier (CUSIP, ISIN etc.)	US900151AB70-XS0847042024	US900151AF84-XS1003016018	US90016BAF58-XS1623796072	XS2106022754
Governing law(s) of the instrument	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.
Taking into account in equity calculation				
Subject to 10% deduction as of 01.01.2015	Yes	No	No	No
Eligible at unconsolidated / consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in mil. as of most recent reporting date)		1,047	6,543	9,814
Par value of instrument (Expressed in million TL)	13,085	5,234	6,543	9,814
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	24.10.2012	10.12.2013	29.06.2017	22.01.2020
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	11 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date. contingent call dates and redemption amount	The Bank; (1) provided that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date a) can purchase b) can redeem all bonds if any taxes imposed or levied (2) can redeem all bonds in case of the deduction from equity.	The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on June 29, 2023 provided that subject to having obtained the prior approval of the BRSA. The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on January 22, 2025 provided that subject to having obtained the prior approval of the BRSA. The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.
Subsequent call dates. if applicable	None	None	None	None
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	6 %	7.85 %	7 %	7.75 %
Existence of a dividend stopper	None	None	None	None
Fully discretionary. partially discretionary or mandatory	None	None	None	None
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None	None	None



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Coupons / dividends				
If convertible. conversion trigger (s)				
If convertible. fully or partially				
If convertible. conversion rate				
If convertible. mandatory or optional conversion				
If convertible. specify instrument type convertible into				
If convertible. specify issuer of instrument it converts into				
Write-down feature	None	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.
If write-down. write-down trigger(s)		Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable).	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)
If write-down. full or partial		Partially or completely	Partially or completely	Partially or completely
If write-down. permanent or temporary		Permanent	Permanent	Permanent
If temporary write-down. description of write-up mechanism				
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
In compliance with article number 7 and 8 of “Own fund regulation”	Yes.	Yes.	Yes.	Yes.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	Don't vest with the conditions stated in clause of the Article 7 and the clause of 8.2. ğ	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.

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Türkiye İş Bankası A.Ş.			
Issuer	Türkiye İş Bankası A.Ş.		
Unique identifier (CUSIP, ISIN etc.)	TRSTISB72712	TRSTISB62911	TRSTISB92918
Governing law(s) of the instrument	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.
Taking into account in equity calculation			
Subject to 10% deduction as of 01.01.2015	No	No.	No.
Eligible at unconsolidated / consolidated	Unconsolidated – Consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting data)	1,100	800	350
Nominal value of instrument (TL Million)	1,100	800	350
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	08.08.2017	19.06.2019	26.09.2019
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity
Subsequent call dates, if applicable	None.	None.	None.
Interest/Dividend Payment			
Fixed or floating coupon/dividend payments	Floating	Floating	Floating
Coupon rate and any related index	Government Debt Security for 5 years+350 base points	TRLIBOR with 3 months maturity + 100 base points	Government Debt Security for 5 years + 350 base points
Existence of a dividend stopper	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.
Existence of step up or other incentive to redeem	None.	None.	None.
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible into equity shares	None.	None.	None.
If convertible, conversion trigger (s)			
If convertible, fully or partially			
If convertible, conversion rate			
If convertible, mandatory or optional conversion			
If convertible, specify instrument type convertible into			
If convertible, specify issuer of instrument it converts into			
Write-down feature	In accordance with Regulations on Equities of Banks, Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8.2.ğ. bonds have deleted option from records.



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If write-down, write-down trigger(s)	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.
If bond can be written-down, full or partially	Partially or Completely	Partially or Completely	Partially or Completely
If bond can be written-down, permanent or temporary	Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism			
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Yes.	Yes.	Yes.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.

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Issuer	Türkiye Sınai Kalkınma Bankası A.Ş.
Unique identifier (ex CUSIP, ISIN or Bloomberg identifier for private placement)	XS1584113184
Governing law(s) of the instrument	Communiqué on SPK-II-31.1 Borrowing Instruments Regulation on Equity of BRSA Banking Sector
Taking into account in equity calculation	
Subject to 10% deduction as of 1/1/2015	No
Eligible at unconsolidated / consolidated	Unconsolidated - Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond
Amount recognized in regulatory capital (Currency in mil. as of most recent reporting date)	300
Par value of instrument	300
Accounting classification	Subordinated Debts
Original date of issuance	28.03.2017
Perpetual or dated	Dated
Original maturity date	10 Years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	29.03.2022 (After 5th year) There is an early payment option.
Subsequent call dates, if applicable	After 5th year, there is a refund option only once.
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed / interest payment semiannually, principle payment at the maturity date.
Coupon rate and any related index	7.625 %
Existence of a dividend stopper	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
Write-down feature	
If write-down, write-down trigger(s)	In accordance with Banking Law No. 5411 and the Turkish Commercial Code No. 6102, if the possibility of the removal and liquidation of the Bank's operation permission is determined within the framework of the Article 71 of the Banking Law, the BRSA will be able to delete it from the records.
If write-down, full or partial	Partially or completely
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	None
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the debts, before the additional main capital, same as the tier II capital
In compliance with article number 7 and 8 of "Own fund regulation"	To vest conditions stated in clause of the Article 8.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	Don't vest the conditions stated in clause of the Article 7.



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3. Explanations on Reconciliations of Amounts in the Consolidated Capital Items Table and Carrying Amounts in the Consolidated Financial Statements

	Carrying Amount	Amounts in Equity Calculation (*)
Shareholders' Equity	96,168,179	96,790,632
Group Share	86,933,251	92,033,150
Minority Interest	9,234,928	4,757,482
Leasehold improvements on operational leases	89,996	(89,996)
Goodwill and intangible assets	2,182,025	(1,993,519)
Provisions	17,706,672	7,483,983
Subordinated debt	41,479,277	23,565,477
Deductions from shareholders' equity	22,542	(22,542)
Capital		125,734,035

(*) The related amounts are calculated in accordance with "Regulation on Equities of Banks". In this context, part of the expected credit loss of stage 1 and stage 2 up to 1.25 % of amount subject to credit risk, part; subordinated loans according to fourth article of the regulation, have been taken into consideration in equity calculation. On the other hand, in the calculation, the equity amount calculated in accordance with the BRSA's 21.12.2021 dated and 9996 numbered regulation and the credit risk amount calculated in accordance with same regulation and with the BRSA regulation dated 21.12.2021 and numbered 9996.

II. Explanations on Credit Risk

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Bank and its consolidated financial subsidiaries.

Banks and financial institutions subject to consolidation, carry out their placement activities in accordance with the credit limitations stipulated by legal regulations of the countries in which they operate.

The Parent Bank's position against the credit risk limits defined by the current legislation is monitored by the Board. Within this framework, loans extended to Risk Groups and the Parent Bank's Risk Group, including the Parent Bank; loans in high amounts and limitations regarding the shares in participations are monitored according to the limits determined in connection with the size of the shareholders' equity calculated on a bank-only and consolidated basis.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Divisions, and the Deputy Chief Executives responsible for loans, the CEO, the Credit Committee and the Board of Directors. These limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, provided that each period does not exceed a year. Furthermore, the borrowers and borrower groups forming a large proportion of the overall placement are subject to risk limits in order to provide further minimization of potential risk.

The geographical distribution of borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is monitored on a consistent basis by using company rating and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation

The Parent Bank and its financial affiliates give utmost importance to ensure that loans are furnished with collaterals. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantees.

Non-performing and impaired loans have been classified in accordance with the "TFRS 9-Financial Instruments" and BRSA's "Regulation on Procedures and Principles for Classification of Loans and Provisions to be set aside". The detailed descriptions of these methods correspond with accounting practices, are included in Section Three Note VIII.

Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with different risk classes according to the types and amounts of disaggregated risks are listed below the average for the period.

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Amount subject to credit risk (¹)	Current Period Risk Amount	Average Risk Amount (2)
Risk Classifications		
Conditional and unconditional exposures to central governments or central banks	287,894,662	232,223,090
Conditional and unconditional exposures to regional governments or local authorities	343,351	396,295
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	604,154	555,212
Conditional and unconditional exposures to multilateral development banks	363,923	347,793
Conditional and unconditional exposures to international organizations		
Conditional and unconditional exposures to banks and brokerage houses	60,660,289	57,132,945
Conditional and unconditional exposures to corporate	379,514,464	359,162,341
Conditional and unconditional retail exposures	171,261,069	159,457,265
Exposures secured by residential real estate property	24,776,358	13,045,772
Exposures secured by commercial real estate property	28,499,946	25,353,237
Past due loans	7,773,698	8,149,479
Items in regulatory high-risk categories	23,877,608	9,529,467
Exposures in the form of bonds secured by mortgages		
Short term exposures to banks, brokerage houses and corporates		
Exposures in the form of collective investment undertakings	2,683,178	3,001,275
Stock investments	38,364,284	34,124,177
Other items	23,010,720	17,505,044

(¹) The figures represent total risk amounts after credit risk mitigation and after credit conversion factor.

(²) Average risk amount is identified by using arithmetical averages of risk amounts calculated quarterly in the current period reports.

2. There are certain control limits on forward transactions in terms of counter parties, and the risks taken for derivative instruments are evaluated along with other potential risks resulting from the market fluctuations.

3. As a result of the current level of customers' needs and the progress in the domestic derivatives market in this particular area, the Parent Bank uses derivative transactions either for hedging or for commercial purposes.

Derivative instruments with a remarkable volume are monitored with consideration that they can always be liquidated in case of need.

4. Indemnified non-cash loans are considered as having the same risk weights as unpaid cash loans.

The rating and scoring systems applied by the Parent Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized loans are evaluated by a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the projects undertaken or the asset financed.

5. Determining the country risks of the countries concerned in the context of the current rating system credit transactions carried out abroad, market conditions, legal constraints and risks related to the country on this issue into account. In addition, banks and other financial institutions credit worthiness abroad, foreign rating agencies by based on credit ratings that are determined and CDS-IR (based on credit default swaps) a supported developed degree approach is allocated and monitored.

6.

- The share of the Group's receivables from the top 100 and 200 cash loan customers in the overall cash loan portfolio stands at 30 % and 39 % respectively (December 31, 2020: 27 %, 36 %).
- The share of the Group's receivables from the top 100 and 200 non-cash loan customers in the overall non-cash portfolio stands at 46 % and 58 % respectively (December 31, 2020: 46 %, 59 %).
- The share of the Group's cash and non-cash receivables from the top 100 and 200 credit customers in the overall assets and non-cash loans stands at 16 % and 22 % (December 31, 2020: 16 %, 22 %).

Companies that are among the top loan customers ranked according to cash, non-cash and total risks are leaders in their own sectors, the loans advanced to them are in line with their volume of industrial and commercial activity. A significant part of such loans is extended on a project basis, with their repayment sources being analyzed in accordance with the banking principles to be considered as satisfactory, and associated risks are determined and duly covered by obtaining appropriate guarantees when deemed necessary.

7. Total value of the Stage 1 and Stage 2 expected credit loss allocated for the credit risk carried by Parent Bank and consodilated companies is TL 16,926,688 (December 31, 2020: TL 11,659,777).

8. The Parent Bank measures the quality of its loan portfolio by applying different rating/scoring models on cash commercial/corporate loans, retail loans and credit cards. The breakdown of the rating/scoring results, which are classified as "Strong", "Standard" and "Below Standard" by considering their default features, is shown below.

The loans whose borrowers' capacity to fulfill their obligations is very good, are defined as "Strong", whose borrowers' capacity to fulfill its obligations in due time is reasonable, are defined as "Standard" and whose borrowers' capacity to fulfill their obligations is poor, are defined as "Below Standard".

	Current Period	Prior Period
Strong	%45.06	48.71 %
Standard	%49.68	43.51 %
Below Standard	%5.26	7.78 %

Table shows rating/scoring results.



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9. The net values of the collaterals of the Group’s closely monitored loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period			Prior Period		
	Personal	Commercial and Corporate	Credit Cards	Personal	Commercial and Corporate	Credit Cards
Real Estate Mortgage ⁽¹⁾	1,091,254	12,261,832		690,237	11,237,404	
Cash Collateral (Cash, securities pledge, etc.)	50,628	544,608		37,128	381,335	
Pledge on Wages and Vehicles	2,344,742	345,122		1,469,688	219,531	
Cheques & Notes		13,667			586	
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	450,396	36,912,380		236,678	25,738,738	
Non-collateralized	3,411,799	9,047,472	2,206,344	1,433,351	6,138,224	1,067,462
Total	7,348,819	59,125,081	2,206,344	3,867,082	43,715,818	1,067,462

⁽¹⁾ The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

10. The net values of the collaterals of the Group’s non-performing loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Loan Balance	Net Value of the Collateral	Loan Balance
Real Estate Mortgage ⁽¹⁾	6,516,872	6,516,872	6,976,076	6,976,076
Cash Collateral	1,523	1,523	1,141	1,141
Vehicle Pledge	274,128	274,128	291,010	291,010
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	8,598,774	8,598,774	8,153,418	8,153,418

⁽¹⁾ The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

11. The aging analysis of the recievables past due but not impaired in terms of financial asset classes, is as follows:

Current Period	31-60 Days ⁽²⁾	61-90 Days ⁽²⁾	Total
Loans ⁽¹⁾	669,979	964,455	1,634,434
Corporate / Commercial Loans ⁽³⁾	120,934	689,981	810,915
Consumer Loans	155,926	70,167	226,093
Credit Cards	393,119	204,307	597,426
Lease Receivables ⁽¹⁾	2,996	92,609	95,605
Insurance Receivables	35,737	18,038	53,775
Total	708,712	1,075,102	1,783,814

⁽¹⁾ The loans classified under close monitoring that are not past due or past due for less than 31 days is TL 63,984,188.
⁽²⁾ Related figures show only overdue amounts of installment based commercial loans and installment based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 1,572,925 and TL 1,393,092 respectively.
⁽³⁾ Includes factoring receivables.

Prior Period	31-60 Days ⁽²⁾	61-90 Days ^{(2) (3)}	Total
Loans ⁽¹⁾	209,825	1,897,417	2,107,242
Corporate / Commercial Loans ⁽⁴⁾	121,649	1,564,999	1,686,648
Consumer Loans	28,156	147,800	175,956
Credit Cards	60,020	184,618	244,638
Lease Receivables ⁽¹⁾	3	14,423	14,426
Insurance Receivables	16,476	28,439	44,915
Total	226,304	1,940,279	2,166,583

⁽¹⁾ The loans classified under close monitoring that are not past due or past due for less than 31 days is TL 42,327,768.
⁽²⁾ Related figures show only overdue amounts of installment based commercial loans and installment based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 2,884,661 and TL 1,316,265 respectively.
⁽³⁾ Based on the decisions taken by the BRSA within the scope of the COVID-19 outbreak, only the overdue amounts (TL 1,369,804) of the loans that have been delayed more than 90 days continue to be classified under close monitoring are included, and the payment of these loans is not due. the balance is TL 2,097,786.
⁽⁴⁾ Includes factoring receivables.

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12. Profile of Significant Risk Exposures in Major Regions

Current Period	Domestic	European Union	OECD Countries ⁽²⁾	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Unallocated Assets/ Liabilities ⁽²⁾	Total
Risk Groups ⁽¹⁾									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks ⁽⁴⁾	279,429,592	3,418,735			1,136,972	3,909,363			287,894,662
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	343,323					28			343,351
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	593,628	10,452				74			604,154
Contingent and Non-Contingent Receivables from Multilateral Development Banks			341,632			22,291			363,923
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	24,705,086	19,110,911	10,029,676	1,405	5,045,838	1,767,373			60,660,289
Contingent and Non-Contingent Corporate Receivables	359,817,099	4,240,863	4,547,213	678,401	577,216	9,653,672			379,514,464
Contingent and Non-Contingent Retail Receivables	169,270,774	260,917	143,745	1,545	37,789	1,546,299			171,261,069
Contingent and Non-Contingent Receivables Secured by Residential Property	52,329,727	212,708	45,683	85	34,547	653,554			53,276,304
Non-Performing Receivables	7,577,907	157,363	4,358		1,349	32,721			7,773,698
Receivables are identified as high risk by the Board	23,489,023	92,613	12,713	1,377	13,994	267,888			23,877,608
Secured Marketable Securities									
Securitization Positions									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	2,683,178								2,683,178
Other Receivables	37,697,899	124,282	456,265		603	85,235			38,364,284
Stock Investments							23,010,720		23,010,720
Total	957,937,236	27,628,844	15,581,285	682,813	6,848,308	17,938,498	23,010,720		1,049,627,704

⁽¹⁾ The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
⁽²⁾ OECD Countries other than EU countries, USA and Canada.
⁽³⁾ Assets and liabilities that are not consistently allocated.
⁽⁴⁾ Credits guaranteed by the Undersecretariat of Treasury are included in the class of receivables from central government.



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Prior Period	Domestic	European Union	OECD Countries ⁽¹⁾	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Unallocated Assets/ Liabilities ⁽²⁾	Total
Risk Groups (1)									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks ⁽⁴⁾	184,734,393	1,877,495			1,381,513	2,386,225			190,379,626
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	454,664					1			454,665
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	547,207	8,028				93			555,328
Contingent and Non-Contingent Receivables from Multilateral Development Banks		36,797	319,900						356,697
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	19,189,061	18,643,498	6,382,545	11,772	4,132,030	1,065,402			49,424,308
Contingent and Non-Contingent Corporate Receivables	297,070,143	4,095,405	2,323,298	617,727	1,212,606	7,160,420			312,479,599
Contingent and Non-Contingent Retail Receivables	138,709,707	350,862	128,151	1,358	49,537	1,486,312			140,725,927
Contingent and Non-Contingent Receivables Secured by Residential Property	34,238,655	110,679	29,606	126	9,658	25,586			34,414,310
Non-Performing Receivables	8,423,824	19,968	11,252		2,231	18,015			8,475,290
Receivables are identified as high risk by the Board	319,531	31,018				135			350,684
Secured Marketable Securities									
Securitization Positions									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	2,745,702								2,745,702
Other Receivables	28,673,493	15,708	9,340		484	60,481			28,759,506
Stock Investments							13,790,256		13,790,256
Total	715,106,380	25,189,458	9,204,092	630,983	6,788,059	12,202,670	13,790,256		782,911,898

⁽¹⁾ The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
⁽²⁾ OECD Countries other than EU countries, USA and Canada.
⁽³⁾ Assets and liabilities that are not consistently allocated.
⁽⁴⁾ Credits guaranteed by the Undersecretariat of Treasury are included in the class of receivables from central government.

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13. Risk Profile by Sectors or Counterparties:

Current Period									Prior Period									
Consolidated									Consolidated									
	(1) (**)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	(12)	(13)	(14)	TP	YP	Toplam
Sectors/Counterparty (*)																		
Agriculture	42,010		532				2,721,242	4,637,370		691,707	40,512	154,192				6,623,687	1,663,878	8,287,565
Farming and Stockbreeding	39,607		461				1,856,397	4,583,263		642,897	37,053	152,972				6,506,687	805,963	7,312,650
Forestry	917		71				32,176	23,338		3,233	358	699				59,562	1,230	60,792
Fishing	1,486						832,669	30,769		45,577	3,101	521				57,438	856,685	914,123
Industry	1,055,118	7,612	33,475				183,295,910	12,483,480		8,367,514	2,863,837	240,407		193	18,006,798	67,164,615	159,189,729	226,354,344
Mining	20,385						7,200,394	361,524		144,783	48,357	3,471				1,616,345	6,162,569	7,778,914
Production	1,017,726						111,345,756	11,443,123		7,821,741	263,229	228,918		65	18,005,632	54,858,571	95,267,619	150,126,190
Electricity, gas, and water	17,007	7,612	33,475				64,749,760	678,833		400,990	2,552,251	8,018		128	1,166	10,689,699	57,759,541	68,449,240
Construction	1,106,864		4,563				39,287,965	5,244,040		4,408,450	2,409,917	265,717				20,344,925	32,382,591	52,727,516
Services	145,304,100		470,693	363,923		58,359,771	124,751,215	43,312,849		22,215,108	1,707,128	1,078,810	1,770,289	1,400,725	4,179,910	123,355,936	281,558,585	404,914,521
Wholesale and Retail Trade	1,187,614						48,878,064	25,393,852		10,145,345	592,949	441,974			114,032	54,622,413	32,131,417	86,753,830
Hotel, Food and Beverage Services	300,533						8,436,397	2,453,115		3,450,898	190,809	118,590				4,851,504	10,098,838	14,950,342
Transportation and Telecommunication	4,202,103		9				30,211,683	10,279,018		2,232,866	784,793	283,027		463	127,602	18,067,338	30,054,226	48,121,564
Financial Institutions	139,416,572		339,710	363,923		58,359,771	20,668,379	643,390		379,295	1,405	7,150	1,770,289	1,400,262	1,635,138	31,998,962	192,986,322	224,985,284
Real Estate and Renting Services	45,040		84,181				6,739,295	1,740,621		4,027,514	96,168	60,451			2,303,138	8,013,584	7,082,824	15,096,408
Self-Employment Services	32,845		41,888				1,174,263	1,082,083		406,469	15,420	90,849				1,865,647	978,170	2,843,817
Education Services	46,419		4,716				938,854	406,743		922,079	10,969	15,938				1,222,589	1,123,129	2,345,718
Health and Social Services	72,974		189				7,704,280	1,314,027		650,642	14,615	60,831				2,713,899	7,103,659	9,817,558
Other	140,386,570	335,739	94,891			2,300,518	29,458,132	105,583,330		17,593,525	752,304	22,138,482	912,889	36,963,366	824,012	304,454,410	52,889,348	357,343,758
Total	287,894,662	343,351	604,154	363,923		60,660,289	379,514,464	171,261,069		53,276,304	7,773,698	23,877,608	2,683,178	38,364,284	23,010,720	521,943,573	527,684,131	1,049,627,704

(¹) Contingent and non-contingent exposures to central governments or central banks
(²) Contingent and non-contingent exposures to regional governments or local authorities
(³) Contingent and non-contingent exposures to administrative bodies and non-commercial undertakings
(⁴) Contingent and non-contingent exposures to multilateral development banks
(⁵) Contingent and non-contingent exposures to international organizations
(⁶) Contingent and non-contingent exposures to banks and brokerage houses
(⁷) Contingent and non-contingent corporate receivables
(⁸) Contingent and non-contingent retail receivables
(⁹) Contingent and non-contingent exposures secured by real estate property
(¹⁰) Past due receivables
(¹¹) Receivables in regulatory high-risk categories
(¹²) Investments in the nature of collective investment enterprise
(¹³) Other Receivables.
(¹⁴) Stock Investments.
(*) Risk amounts after the credit conversions and the effects of credit risk mitigation
(**) Credit Guarantee Fund guaranteed by the undersecreteriat of treasury are included in the receivables from central governments.



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

	Current Period					
	Remaining Maturities					
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Total
Risk Groups (¹)						
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	11,642,512	11,002,248	5,886,846	6,423,329	126,554,298	161,509,233
Contingent and Non-Contingent Receivables from Regional Governments or Domestic Governments	2,065	808	489	7,580	332,407	343,349
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	19,353	360,630	28,617	97,238	74,311	580,149
The multilateral development banks and non-contingent receivables	16,165	284,608			63,150	363,923
Contingent and Non-Contingent Receivables from Banks and Intermediaries	20,416,477	5,155,607	4,472,115	9,019,235	8,630,438	47,693,872
Contingent and Non-Contingent Corporate Receivables	24,435,716	33,518,996	41,499,539	51,500,491	227,499,280	378,454,022
Contingent and Non-Contingent Retail Receivables	37,861,881	2,910,360	4,089,202	11,789,154	68,112,940	124,763,537
Contingent and Non-Contingent Collateralized Receivables with Real Estate Mortgages	1,016,275	1,268,066	2,586,977	4,306,161	41,157,282	50,334,761
Receivables are identified as High Risk by the Board	343,828	4,408	4,264	62,578	21,023,277	21,438,355
Total	95,754,272	54,505,731	58,568,049	83,205,766	493,447,383	785,481,201

(¹) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

15. Information on Risk Classes:

In the calculation of the amount subject to credit risk, determining the risk weights related to risk classes stated on the sixth article of “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, is based on the Fitch Ratings’ and JCR Avrasya Derecelendirme A.Ş. international rating.

“Contingent and Non-Contingent Receivables from Banks and Intermediaries” are receivables from related parties residing in foreign countries against the risk evaluated in class with “Contingent and Non-Contingent Receivables from Central Governments or Central Banks” are receivables that are evaluated in the class will be the subject of risk weights determined in accordance with Fitch Ratings issued by the rating of the risk. “Contingent and Non-Contingent Receivables from Banks and Intermediaries” in the class with resident banks and brokerage firms in the dorm evaluated risk “Contingent and Non-Contingent Corporate Receivables” in the class evaluated dorm resident companies and financial institutions in the TL-denominated receivables, the risk weights that will be the subject of JCR Avrasya Derecelendirme A.Ş. international rating grades assigned by it are used. The aforementioned application is made in accordance with BRSA decision No. 8875 dated 21.02.2020, which allows the national grades assigned by the relevant organization to be taken into account in the calculations of amounts based on credit risk.

If a receivable-specific rating is performed, risk weights to be applied on the receivable are determined by the relevant credit rating.

The table related to mapping the ratings used in the calculations and credit quality grades, which is stated in the Annex of Regulation on Measurement and Evaluation of Capital Adequacy of Banks, is given below:

Credit Quality Grades	1	2	3	4	5	6
Risk Rating	AAA via AA-	A+ via A-	BBB+ via BBB-	BB+ via BB-	B+ via B-	CCC+ and lower

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Risk Amounts according to Risk Weights:

Risk Weight	0%	20%	35%	50%	75%	100%	150%	250%	Other (²)	Mitigation in Shareholders’ Equity
Amount Before Credit Risk Mitigation (¹)	330,566,059	57,404,351	24,834,688	75,697,248	126,854,636	418,118,571	24,283,127	280,196	507,740	2,083,515
Amount After Credit Risk Mitigation	339,553,784	56,648,279	24,776,358	75,610,451	123,094,596	405,200,913	23,955,387	280,196	507,740	2,083,515

(¹) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(²) The related balance includes receivables from central counterparties subject to a risk weight of 2%.

16. Miscellaneous Information According to Type of Counterparty of Major Sectors

	Significant Sectors/Counterparty	Loans		Provisions
		Depreciated (TFRS 9)		Expected Credit Loss (TFRS 9)
	Current Period	Significant Increase in Credit Risk (Stage 2)	Non-Performing (Stage 3)	
1	Agricultural	732,509	200,328	289,189
1.1	Farming and Raising Livestock	524,015	183,716	226,410
1.2	Forestry	1,385	2,061	1,824
1.3	Fishing	207,109	14,551	60,955
2	Industry	25,687,762	8,947,649	12,329,298
2.1	Mining	93,900	177,040	163,657
2.2	Production	7,935,822	2,766,327	3,835,543
2.3	Electricity, gas, and water	17,658,040	6,004,282	8,330,098
3	Construction	4,929,113	6,474,504	4,808,109
4	Services	27,407,544	6,340,030	8,345,713
4.1	Wholesale and Retail Trade	5,825,368	2,895,929	3,265,978
4.2	Hotel, Food and Beverage Services	5,220,223	605,324	1,030,051
4.3	Transportation and Telecommunication	6,873,554	2,044,374	2,150,234
4.4	Financial Institutions	17,521	10,131	10,830
4.5	Real Estate and Renting Services	5,492,554	537,706	1,172,535
4.6	Self-Employment Services	431,046	119,648	132,122
4.7	Education Services	132,812	58,164	66,977
4.8	Health and Social Services	3,414,466	68,754	516,986
5	Other	9,923,316	2,482,581	2,861,634
6	Total	68,680,244	24,445,092	28,633,943

17. Information on Value Adjustments and Change in Credit Provisions

	Beginning Balance	Provisions	Reversal of Provisions	Other Value Adjustments	Ending Balance
Stage 3 Provisions	14,371,889	5,924,495	(4,397,780)		15,898,604
Stage 1 and Stage 2 Provisions	11,659,777	13,024,189	(7,757,278)		16,926,688

18. Exposures Subject To Countercyclical Capital Buffer

Explanations about exposures subject to consolidated private sector receivables:

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	443,362,416	820,806	444,183,222
Germany	6,242,705		6,242,705
TRNC	3,543,077		3,543,077
England	3,445,511	1,043	3,446,554
Albania	1,501,401	8,095	1,509,496
Malta	1,139,770		1,139,770
Kosovo	1,084,821		1,084,821
Russia	1,043,174		1,043,174
Marshall Island	821,335		821,335
Switzerland	790,878		790,878
Other	1,812,210	49,931	1,862,141



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III. Explanations on Currency Risk

The exposed currency risk of the Group is result of the difference between the assets denominated in and indexed to foreign currencies and liabilities denominated in foreign currencies. Furthermore, parity fluctuations of different foreign currencies are another element of the currency risk.

The currency risk of the Parent Bank is managed by the internal currency risk limits which are established as a part of the Parent Bank’s risk policies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet regularly to take the necessary decisions for hedging exchange rate and parity risks, within the framework of the determined by the “Net Foreign Currency Overall Position/ Shareholders’ Equity” ratio, which is a part of the legal limits requirement and the internal currency risk limits specified by the Board of Directors. Foreign exchange risk management decisions are strictly applied.

In measuring the exposed currency risk of the Group, the Standard Method, the Value at Risk Model (VAR) and Expected Shortfall Model are used as applied in the statutory reporting.

Measurements made for the Parent Bank within the scope of the Standard Method are carried out on a monthly basis and form the basis of determining the capital requirement for hedging currency risk.

Risk measurements made within the context of the VAR are practiced on a daily basis using the historical and Monte Carlo simulation methods. Scenario analyses are conducted to support the calculations made within the VAR context. Expected loss calculations are also carried out daily.

The results of the measurements made on currency risk are reported to the Key Management and the risks are closely monitored by taking into account the market and the economic conditions..

The Parent Bank’s foreign currency purchase rates at the date of balance sheet and for the last five working days of the period announced by the Parent Bank in TL are as follows:

Date	USD	EUR
December 31, 2021	13.0850	14.8390
December 30, 2021	12.9097	14.6396
December 29, 2021	12.4600	14.1297
December 28, 2021	11.6965	13.2381
December 27, 2021	11.3492	12.8552
December 24, 2021	11.5260	13.0359

The Parent Bank’s last 30-days arithmetical average foreign currency purchase rates:

USD: 13.2847 TL EURO: 15.0164 TL

Sensitivity to currency risk:

The Group’s sensitivity to any potential change in foreign currency rates has been analyzed. Within this framework, 10% change is anticipated in USD, EUR, RUB and GEL currencies and the possible impact of the related change is presented below. 10% is the ratio that is used in the internal reporting of the Parent Bank.

	% Change in Foreign Currency	Effects on Profit/Loss (1)	
		Current Period	Priod Period
USD	10 % increase	416,075	255,991
	10 % decrease	(416,075)	(255,991)
EURO	10 % increase	471,624	447,405
	10 % decrease	(471,624)	(447,405)
RUB	10 % increase	155,517	74,306
	10 % decrease	(155,517)	(74,306)
GEL	10 % increase	84,092	42,425
	10 % decrease	(84,092)	(42,425)

(1) Indicates the values before tax.

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Information on currency risk:

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (1)	80,075,530	65,333,764	21,316,549	166,725,843
Banks	11,808,608	10,092,216	10,319,940	32,220,764
Financial Assets at Fair Value through Profit/Loss (2)	2,654,049	7,631,806	5,560,441	15,846,296
Money Market Placements	44,965			44,965
Financial Assets at Fair Value through Other Comprehensive Income	5,045,869	41,916,588	7,026	46,969,483
Loans (3) (4)	154,996,889	153,118,519	5,704,566	313,819,974
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				
Financial Assets measured at Amortized Cost	1,030,718	4,364,918	1,094,646	6,490,282
Derivative Financial Assets Held for Risk Management (2)		317,691		317,691
Tangible Assets (2)	171,824	2,041	95,345	269,210
Intangible Assets (2)				
Other Assets (2)	2,463,729	9,307,483	959,371	12,730,583
Total Assets	258,292,181	292,085,026	45,057,884	595,435,091
Liabilities				
Bank Deposits	3,464,936	693,455	640,881	4,799,272
Foreign Currency Deposits (4)	158,949,135	212,905,642	75,504,211	447,358,988
Money Market Funds	1,409,347	9,499,108		10,908,455
Funds Provided from Other Financial Inst,	44,829,483	78,036,629	38,073	122,904,185
Marketable Securities Issued (5)		78,330,240	144,927	78,475,167
Miscellaneous Payables	885,469	5,026,132	408,666	6,320,267
Derivative Financial Liabilities Held for Risk Management				
Other Liabilities (2) (6)	5,055,761	9,115,724	806,376	14,977,861
Total Liabilities	214,594,131	393,606,930	77,543,134	685,744,195
Net Balance Sheet Position	43,698,050	(101,521,904)	(32,485,250)	(90,309,104)
Net Off Balance Sheet Position	(38,937,607)	107,856,716	34,162,909	103,082,018
Derivative Financial Assets (7)	30,518,476	170,928,671	39,148,208	240,595,355
Derivative Financial Liabilities (7)	69,456,083	63,071,955	4,985,299	137,513,337
Non-Cash Loans	63,318,833	81,181,608	8,702,425	153,202,866
Prior Period				
Total Assets	136,114,708	161,959,197	26,508,062	324,581,967
Total Liabilities	123,781,189	223,069,097	48,563,717	395,414,003
Net Balance Sheet Position	12,333,519	(61,109,900)	(22,055,655)	(70,832,036)
Net Off Balance Sheet Position	(8,137,589)	63,964,318	23,340,880	79,167,609
Derivative Financial Assets	18,521,848	95,161,394	27,083,201	140,766,443
Derivative Financial Liabilities	26,659,437	31,197,076	3,742,321	61,598,834
Non-Cash Loans	37,692,915	40,551,047	4,514,070	82,758,032

(1) Precious metals accounts amounting TL 20,081,293 are included.

(2) In accordance with the principles of the “Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis”, Derivative Financial Instruments Foreign Currency Income Accruals (TL 16,544,514) Operating Lease Development Costs (TL 6,503), Deferred Tax Asset (TL 2,538,415), Prepaid Expenses and Taxes (TL 274,189), expected credit loss for stage 1 and stage 2 (TL 10,986,135) Intangible Assets (TL 167,743) Assets Held for Sale and Related to Discontinued Operations(Net)(TL 21,988) in assets and Derivative Financial Instruments Foreign Currency Expense Accruals (TL 4,035,130), Shareholders’ Equity (TL 2,755,748)) and expected credit loss for stage 1 and stage 2 for non-cash loans (TL 244,209) are not taken into consideration in the currency risk measurement.

(3) Includes leasing and factoring receivables and foreign currency indexed loans which are recognized under TL account. Of the total amount of TL 2,321,114 of the aforementioned loans; TL 1,051,332 is USD indexed, TL 1,262,951 is EUR indexed, TL 1,189 is CHF indexed and TL 5,642 is GBP indexed.

(4)The item includes TL 54,040,023 precious metals deposit accounts.

(5) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

(6) The borrower funds are presented in the “Other Liabilities” according to their type of currency.

(7) The derivative transactions in the context of forward foreign currency options and foreign currency forwards definitions included in the Communiqué above are taken into consideration.



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IV. Explanations on Interest Rate Risk

Interest rate risk is defined as the impairment in the value of the interest sensitive assets, liabilities and off-balance sheet items due to interest rate fluctuations. A method which takes into consideration the effect of standard interest shocks on the economic values of the Parent Bank's on and off-balance sheet interest sensitive accounts is used for measuring the interest rate risk arising from the banking accounts, whereas the interest rate risk related to interest sensitive financial instruments followed under trading accounts is assessed within the scope of market risk.

Potential effects of interest rate risk on the Parent Bank's assets and liabilities, market developments, the general economic environment and expectations are regularly followed in meetings of the Asset-Liability Committee, where further measures to reduce risk are taken when necessary.

The Parent Bank's on and off-balance sheet interest sensitive accounts other than the assets and liabilities exposed to market risk are monitored and controlled by the limits on the ratio of structural interest rate risk to equity and tier 1 capital determined by the Board within the scope of asset-liability management risk policy. Moreover, scenario analyses formed in line with the average maturity gaps and the historical data and expectations are also used in the management of the related risk.

In addition, the effect of the change in interest rates on the Parent Bank's net interest income is analyzed regularly. Within this scope, the ratio of the change expected to occur in net interest income under carious scenarios to the limit on Tier I capital is monitored and regularly reported to the top management.

Interest rate sensitivity:

In this part, the sensitivity of the Bank's assets and liabilities to the interest rates has been analyzed assuming that the yearend balance figures were the same throughout the year. Mentioned analysis shows how the FC and TL changes in interest rates by one point during the one-year period affect the Group's income accounts and shareholders' equity under the assumption maturity structure and balances are remain the same all year round at the end of the year.

During the measurement of the Group's interest rate sensitivity, the profit/loss on the asset and liability items that are evaluated with market value are determined by adding to/deducting from the difference between the expectancy value of the portfolio after one year in case there is no change in interest rates and the value of the portfolio one year later, which is measured after the interest shock, the interest income to be additionally earned/to be deprived of during the one year period due to the renewal or repricing of the related portfolio at the interest rates formed after the interest shock.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current market prices, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities having variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, ceteris paribus, the possible changes that may occur in the Bank's profit and shareholders' equity in case of 100 base point increase/decrease in TL and FC interest rates on the reporting day are given below:

% Change in the Interest Rate ⁽¹⁾		Effect On Profit/Loss		Effect on Equity ⁽²⁾	
TL	FC ⁽³⁾	Current Period	Prior Period	Current Period	Prior Period
100 bps increase	100 bps increase	977,167	541,645	(2,608,623)	(1,624,307)
100 bps decrease	100 bps decrease	(1,068,195)	(1,048,424)	2,871,166	1,804,250

⁽¹⁾ Changes in interest rates is calculated assuming that the expectations reflected in inflation. The effects on the profit/loss and shareholders' equity are stated with their before tax values.
⁽²⁾ The effect on the shareholders' equity is arising from the change of the fair value of securities followed under Financial Assets at Fair Value through other comprehensive income.
⁽³⁾ The negative shock imposed on FC interest rates remained below the aforementioned rates in some maturity segments due to LIBOR rates being in low levels.

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a. Interest sensitivity of assets, liabilities and off-balance sheet items (Based on time remaining to repricing date):

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, Cheques Purchased) and Balances with the Central Bank of Turkey	14,634,682					169,386,543	184,021,225
Banks	7,522,586	1,446,001	159,067			26,067,588	35,195,242
Financial Assets at Fair Value through Profit/Loss ⁽¹⁾	9,268,937	10,152,530	7,785,436	6,127,712	300,260	5,596,590	39,231,465
Money Market Placements	2,061,138	775,354	156,572				2,993,064
Financial Assets at Fair Value Through Other Comprehensive Income	21,648,338	19,425,001	17,779,889	26,013,946	23,874,084	1,202,401	109,943,659
Loans ⁽²⁾	115,872,992	60,061,057	177,179,502	206,721,651	53,925,304	982,214	614,742,720
Financial Assets Measured at Cost	8,800,527	13,843,894	17,813,725	8,513,617	2,573,565		51,545,328
Other Assets ⁽³⁾	5,055,341	76,608	236,851	149,824		81,212,746	86,731,370
Total Assets	184,864,541	105,780,445	221,111,042	247,526,750	80,673,213	284,448,082	1,124,404,073
Liabilities							
Bank Deposits	1,639,400	1,720,923	713,064	1,050,890		1,302,757	6,427,034
Other Deposits	255,680,706	36,249,663	24,356,836	3,437,720	962,851	290,564,393	611,252,169
Money Market Funds	46,847,607	2,541,576	4,322,725	25,945			53,737,853
Miscellaneous Payables	2,230,493	60,121	46,585	26,822		73,969,740	76,333,761
Marketable Securities Issued ⁽⁴⁾	2,104,244	11,647,841	22,621,436	35,838,166	17,344,902		89,556,589
Funds Provided from Other Financial Institutions	12,455,710	53,579,724	50,954,407	9,616,624	2,317,218		128,923,683
Other Liabilities ⁽⁵⁾⁽⁶⁾	5,230,548	4,443,819	3,981,506	1,373,120	1,376,106	141,767,885	158,172,984
Total Liabilities	326,188,708	110,243,667	106,996,559	51,369,287	22,001,077	507,604,775	1,124,404,073
Balance Sheet Long Position			114,114,483	196,157,463	58,672,136		368,944,082
Balance Sheet Short Position	(141,324,167)	(4,463,222)				(223,156,693)	(368,944,082)
Off Balance Sheet Long Position	3,422,542	16,148,347					19,570,889
Off Balance Sheet Short Position			(1,052,722)	(9,325,566)	(6,159,597)		(16,537,885)
Total Position	(137,901,625)	11,685,125	113,061,761	186,831,897	52,512,539	(223,156,693)	3,033,004

⁽¹⁾ Includes Derivative financial assets
⁽²⁾ Includes leasing and factoring receivables.
⁽³⁾ The expected loss provisions are shown in Non-Interest column.
⁽⁴⁾ Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.
⁽⁵⁾ Shareholders' equity is included in "non-interest bearing" column.
⁽⁶⁾ The borrower funds are presented in "Up to 1 month" column in other liabilities.



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Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on time remaining to repricing date):

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, Cheques Purchased) and Balances with the Central Bank of Turkey	3,079,150					68,891,240	71,970,390
Banks	9,914,573	831,263	422,451			11,181,346	22,349,633
Financial Assets at Fair Value through Profit/Loss ⁽¹⁾	1,632,396	1,826,743	4,458,677	1,431,863	424,882	3,735,574	13,510,135
Money Market Placements	1,131,261	628,745	441,521				2,201,527
Financial Assets at Fair Value Through Other Comprehensive Income	18,682,163	10,695,046	15,703,290	14,935,126	16,511,941	1,299,704	77,827,270
Loans ⁽²⁾	80,443,869	42,331,891	114,173,682	149,466,509	40,014,410	649,355	427,079,716
Financial Assets Measured at Cost	8,740,222	9,320,990	18,221,372	7,379,635	1,942,384		45,604,603
Other Assets ⁽³⁾	5,348,759	33,233	114,513	151,549		51,960,935	57,608,989
Total Assets	128,972,393	65,667,911	153,535,506	173,364,682	58,893,617	137,718,154	718,152,263
Liabilities							
Bank Deposits	2,739,231	677,800	170,153	993,278		1,123,810	5,704,272
Other Deposits	160,355,911	39,927,713	16,434,900	2,437,702	617,266	156,215,629	375,989,121
Money Market Funds	25,547,229	11,642	425,776				25,984,647
Miscellaneous Payables	3,240,601	2,709	6,231	11,076		49,035,045	52,295,662
Marketable Securities Issued ⁽⁴⁾	1,887,417	5,604,915	14,328,261	32,315,785	9,789,049		63,925,427
Funds Provided from Other Financial Institutions	6,369,907	32,386,022	27,882,004	6,388,015	4,576,940		77,602,888
Other Liabilities ⁽⁵⁾⁽⁶⁾	3,091,277	2,904,132	1,807,737	1,284,754	1,196,611	106,365,735	116,650,246
Total Liabilities	203,231,573	81,514,933	61,055,062	43,430,610	16,179,866	312,740,219	718,152,263
Balance Sheet Long Position			92,480,444	129,934,072	42,713,751		265,128,267
Balance Sheet Short Position	(74,259,180)	(15,847,022)				(175,022,065)	(265,128,267)
Off Balance Sheet Long Position	1,403,506	7,809,464	1,050,344				10,263,314
Off Balance Sheet Short Position				(2,449,955)	(7,196,233)		(9,646,188)
Total Position	(72,855,674)	(8,037,558)	93,530,788	127,484,117	35,517,518	(175,022,065)	617,126

⁽¹⁾ Includes Derivative financial assets.
⁽²⁾ Includes leasing receivablesand factoring receivables.
⁽³⁾ The expected loss provisions are shown in Non-Interest column.
⁽⁴⁾ Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.
⁽⁵⁾ Shareholders' equity is included in "non-interest bearing" column.
⁽⁶⁾ The borrower funds are presented in "Up to 1 month" column in other liabilities.

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b. Average interest rates applied to monetary financial instruments:

Current Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				8.50
Banks	0.35	0.22		18.39
Financial Assets at Fair Value through Profit/Loss	1.92	2.70		15.78
Money Market Placements	(2.60)			16.63
Financial Assets at Fair Value Through Other Comprehensive Income	3.86	5.21		21.47
Loans ⁽¹⁾	4.29	5.30		18.30
Financial Assets Measured at Cost	3.11	5.03		19.21
Liabilities				
Bank Deposits	0.35	1.09		15.50
Other Deposits	0.06	0.14		11.57
Money Market Funds	0.65	1.45		14.19
Miscellaneous Payables				
Debt Securities Issued ⁽²⁾		6.43		18.37
Funds	0.10	0.20		11.00
Funds Provided from Other Financial Institutions	1.57	2.01		16.69

⁽¹⁾ Includes leasing receivables and factoring receivables.
⁽²⁾ Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

Prior Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				12.00
Banks	1.37	0.28		16.80
Financial Assets at Fair Value through Profit/Loss	2.09	4.05		15.09
Money Market Placements				17.11
Financial Assets at Fair Value Through Other Comprehensive Income	2.29	5.07		14.11
Loans ⁽¹⁾	4.45	5.73		14.36
Financial Assets Measured at Amortized Cost	1.94	5.05		12.85
Liabilities				
Bank Deposits	0.26	1.22		16.50
Other Deposits	0.09	0.17		10.65
Money Market Funds	0.61	1.72		16.98
Miscellaneous Payables				
Debt Securities Issued ⁽²⁾		5.87		14.04
Funds	14.04	0.20		12.50
Funds Provided from Other Financial Institutions	1.62	2.18		13.98

⁽¹⁾ Includes leasing receivablesand factoring receivables.
⁽²⁾ Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.



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V. Explanations on Equity Shares Risk Arising from Banking Book

- a. Accounting policies related to equity investments in associates and subsidiaries can be seen in the Section Three Note III.2.
- b. Balance sheet value of equity investment, fair value and for publicly traded, if the market value is different from the fair value comparison to the market price:

Investment in Shares	Comparison		
	Book Value	Fair Value	Market Value ⁽³⁾
Quoted			
Investment in Shares Group A			
Subsidiaries			
Financial Subsidiaries			
Non-Financial Subsidiaries ⁽¹⁾	20,127,409		41,580,067
Non-Quoted			
Associate and Subsidiaries			
Financial Subsidiaries ⁽²⁾	280,196		
Non-Financial Subsidiaries	36,655		
Subsidiaries			
Financial Subsidiaries			
Non-Financial Subsidiaries	1,466,545		

⁽¹⁾ Türkiye Şişe ve Cam Fabrikaları A.Ş.

⁽²⁾ Accounted under the equity method in the consolidated financial statements according to TAS 28 and 1st clause of Article 5 of the “Communiqué on the Preparation of Consolidated Financial Statements”.

⁽³⁾ Refers to the total market value of the company.

- c. Information on revaluation surpluses and unrealised gains/losses on equity securities and results included in Common Equity and Tier II Capital:

Portfolio	Realised Gains/ losses During the period	Revaluation Increases		Unrealized Gains and Losses		
		Total	Including into Tier I Capital ⁽¹⁾	Total	Including into Tier I Capital	Total
Private Equity Investments						
Shares Traded on a Stock Exchange		18,580,963	18,580,963			
Other Stocks		236,327	236,327			
Total		18,817,290	18,817,290			

⁽¹⁾ Represents the amounts reflected to equity according to the equity method

- d. Capital requirement as per equity shares:

Portfolio	Carrying Value	Total RWA	Minimum Capital Requirement
Private Equity Investments			
Share Traded on a Stock Exchange	20,127,409	20,127,409	1,610,193
Other Stocks	1,783,396	2,203,690	176,295
Total	21,910,805	22,331,099	1,786,488

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VI. Explanations on Liquidity Risk Management and Consolidated Liquidity Coverage Ratio

Liquidity risk may occur as a result of funding long-term assets with short-term liabilities. The Groups’ liquidity is managed by the Asset-Liability Management Committee in accordance with the business strategies, legal requirements, current market conditions and expectations regarding the economic and financial conjuncture.

The Parent Bank’s principal source of funding is deposits. Although the average maturity of deposits is shorter than that of assets as a result of the market conditions, the Bank’s wide network of branches and stable core deposit base are its most important safeguards of funding. Additionally, the Bank borrows medium and long-term funds from institutions abroad. Concentration limits are generally used in deposit and non-deposit borrowings in order to prevent adverse effects of concentrations in the liquidity risk profile of the Bank.

In order to meet the liquidity requirements that may arise from market fluctuations, considerable attention is paid to the need to preserve liquidity and efforts in this respect are supported by projections of Turkish Lira and Foreign Currency (FC) cash flows. The term structure of TL and FC deposits, their costs and amounts are monitored on a daily basis. During these studies historical events and future expectations are taken into account as well, based upon cash flow projections, prices are differentiated for different maturities and measures are taken accordingly to meet liquidity requirements. Moreover, potential alternative sources of liquidity are determined to be used in case of extraordinary circumstances.

The liquidity risk exposure of the Group has to be within the risk capacity limits which are prescribed by the legislation and the Group’s risk appetite defined in its business strategy. It is essential for the Group to have an adequate level of unencumbered liquid asset stock which can be sold or pledged, in case a large amount of reduction in liquidity sources occurs. The level of liquid asset buffer is determined in accordance with the liquidity risk tolerance which is set by the Board of Directors. Asset-Liability Management Committee is responsible for monitoring the liquidity position, determining appropriate sources of funds and deciding the maturity structure in accordance with the limits which are set by the Board of Directors.

The Treasury Division is responsible for monitoring the liquidity risk, in accordance with the Asset-Liability Management Risk Policy limits, objectives set out in the business plan and the decisions taken at the meetings of Asset-Liability Management Committee. The Treasury Division is also responsible for making liquidity projections and taking necessary precautions to reduce liquidity risk, by using the results of stress testing and scenario analysis. Within this scope, Treasury Division is monitoring the Turkish Lira (TL) and foreign currency (FC) liquidity position instantly and prospectively based on the information provided from the branches, business units and IT infrastructure of the Bank. The assessment of long-term borrowing opportunities is carried out regularly in order to balance the cash inflows and outflows and to mitigate the liquidity risk. The Bank creates liquidity through repurchase agreements and secured borrowings based on the high quality liquid asset portfolio, through securitization and other structured finance products which are created from the asset pools like credit card receivables and retail loans.

The Bank applies liquidity stress tests to measure liquidity risk. In this approach, in liquidity stress scenarios in which parameters are determined by the Board of Directors, the ability of the Bank’s liquid assets’ in covering cash outflows within a one-month horizon has been described. Liquidity adequacy limits for TL and FC are determined by Board of Directors, based on the liquidity requirements and risk tolerance of the Bank. The liquidity risk is measured by the Risk Management Division and results are reported to the related executive functions, senior management and Board of Directors. The reflections of conveniences provided for loan customers on repayments due to the COVID-19 outbreak and pressure in financial markets on the Bank’s liquidity adequacy are analyzed under various scenarios.

It is essential for the Bank to monitor the liquidity position and funding strategy continuously. In case of a liquidity crisis that may arise from unfavorable market conditions, extraordinary macroeconomic situations and other reasons which are beyond the control of the Bank. “Emergency Action and Funding Plan” is expected to be commissioned. In that case, related committees have to report the precautions taken and their results to the Board of Directors through Audit Committee.

The Group’s Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio (LCR) averaged for the last three months are given below.

	Current Period	
	TL+FC	FC
October 31, 2021	156.66	434.83
November 30, 2021	172.64	468.88
December 31, 2021	199.25	507.82

	Prior Period	
	TL+FC	FC
October 31, 2020	162.85	300.96
November 30, 2020	172.12	418.24
December 31, 2020	172.53	475.82



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The Bank's Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio (LCR) averaged for the last three months are given below.

Liquidity Coverage Ratio:

Current Period	Total Unweighted Value (¹)		Total Weighted Value (¹)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			196,731,749	137,922,605
Cash Outflows				
Retail and Small Business Customers, of which;	385,342,542	255,632,298	35,792,010	25,563,230
Stable deposits	54,844,879		2,742,244	
Less stable deposits	330,497,663	255,632,298	33,049,766	25,563,230
Unsecured wholesale funding, of which;	187,046,797	112,910,239	95,886,913	56,879,781
Operational deposits	1,255,644	16,359	313,911	4,090
Non-operational deposits	134,597,977	98,576,273	60,491,359	43,239,644
Other unsecured funding	51,193,176	14,317,607	35,081,643	13,636,047
Secured funding			65,495	53,327
Other cash outflows, of which;	8,505,992	12,874,684	8,505,992	12,874,684
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4,375,826	8,744,518	4,375,826	8,744,518
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	4,130,166	4,130,166	4,130,166	4,130,166
Other revocable off-balance sheet commitments and contractual obligations	53,066,816	46,671,687	2,653,341	2,333,584
Other irrevocable or conditionally revocable off-balance sheet obligations	287,990,929	156,050,151	29,290,631	17,577,368
Total Cash Outflows			172,194,382	115,281,974
Cash Inflows				
Secured lending	112,194	36,588	1,571	1,356
Unsecured lending	63,377,888	46,531,386	52,758,960	40,975,721
Other cash inflows	7,972,830	61,206,589	7,972,830	61,206,589
Total Cash Inflows	71,462,912	107,774,563	60,733,361	102,183,666
			Upper Limit Applied Values	
Total HQLA Stock			196,731,749	137,922,605
Total Net Cash Outflows			111,461,021	29,261,943
Liquidity Coverage Ratio (%)			176.18	470.51

(1) The simple arithmetic average calculated for the last three months of weekly simple arithmetic average.

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Prior Period	Total Unweighted Value (¹)		Total Weighted Value (¹)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			137,652,570	82,706,283
Cash Outflows				
Retail and Small Business Customers, of which;	284,278,935	184,412,860	26,054,861	18,441,286
Stable deposits	47,460,641		2,373,032	-
Less stable deposits	236,818,294	184,412,860	23,681,829	18,441,286
Unsecured funding, of which;	127,724,546	69,111,661	67,880,137	36,572,634
Operational deposits	1,312,536	77,180	328,134	19,295
Non-operational deposits	92,179,706	61,209,683	43,827,669	29,078,250
Other unsecured funding	34,232,304	7,824,798	23,724,334	7,475,089
Secured funding			49,796	43,392
Other cash outflows, of which;	6,752,800	9,938,661	6,752,800	9,938,661
Derivatives cash outflow and liquidity needs related to market valuation changes on derivative or other transactions	2,885,234	6,071,095	2,885,234	6,071,095
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	3,867,566	3,867,566	3,867,566	3,867,566
Other revocable off-balance sheet commitments and contractual obligations	38,073,361	32,472,635	1,903,668	1,623,632
Other irrevocable or conditionally revocable off-balance sheet obligations	186,692,719	86,537,556	19,605,398	10,786,378
Total Cash Outflows			122,246,660	77,405,983
Cash Inflows				
Secured lending	270,305	203,045	12,887	12,887
Unsecured lending	46,427,450	26,630,710	35,145,249	22,537,576
Other cash inflows	5,169,196	46,416,513	5,169,196	46,416,513
Total Cash Inflows	51,866,951	73,250,268	40,327,332	68,966,976
			Upper Limit Applied Values	
Total HQLA Stock			137,652,570	82,706,283
Total Net Cash Outflows			81,919,328	21,893,173
Liquidity Coverage Ratio (%)			169.17	398.34

(¹) The simple arithmetic average calculated for the last three months of the monthly simple arithmetic average..

Compared to prior period, an increase in the total liquidity coverage ratio and a decrease in the foreign currency liquidity coverage ratio has been observed for the fourth quarter of 2021. Foreign currency liquidity coverage rate decreased due to the increase in net cash outflows, while the total liquidity coverage rate increased due to the increase in the stock of high quality liquid assets. Total and Foreign Currency liquidity coverage ratios are continuing to hover far above the minimum level (respectively 100% and 80%) pursuant to legal legislations.

The Liquidity Coverage Ratio which has been introduced to ensure banks to preserve sufficient stock of high quality assets to meet their net cash outflows that may occur in the short term is calculated as per the Communiqué on “Measurement and Assessment of the Liquidity Coverage Ratio of Banks” published by BRSA. The ratio is directly affected by the level of unencumbered high quality assets which can be liquidated at any time and net cash inflows and outflows arising from the Group's assets, liabilities and off-balance sheet transactions.

The Group's high quality liquid asset stock primarily consists of cash and the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.

The Bank's principal source of funding is deposits. In term of non-deposit borrowing, funds received from repurchase agreements, marketable securities issued and funds borrowed from financial institutions are among the most significant funding sources.

In order to manage liquidity effectively, concentration of liquidity sources and usages should be avoided. Due to the strong and stable core deposit base of the Bank, deposits are received from a diversified customer portfolio. In addition, in order to provide diversification in liquidity sources and usages, liquidity concentration limits are used effectively. Total amount of funds borrowed from a single counterparty or a risk group is closely and instantaneously monitored, taking liquidity concentration limits into account. In addition to these, the cumulative liquidity deficits that the Parent Bank is exposed to in various maturity tranches are periodically monitored and reported to the senior management.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

Liquidity risk of the Bank, its foreign branches and subsidiaries that are to be included in consolidation are managed within the regulatory limits and in accordance with the Group strategies. For the purposes of effectiveness and sustainability of liquidity management, funding sources of Group compaiesy and funding diversification opportunities in terms of markets, instruments and tenor are evaluated and liquidity position of the group companies are monitored continuously by the Parent Bank.



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Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	96,285,554	87,735,671						184,021,225
Banks	28,224,705	5,365,469	1,446,001	159,067				35,195,242
Financial Assets at Fair Value through Profit/Loss (2)	5,593,103	9,672,393	10,262,081	7,834,631	5,835,502	33,755		39,231,465
Money Market Placements		2,061,138	775,354	156,572				2,993,064
Financial Assets at Fair Value Through Other Comprehensive Income	1,202,401	1,198,675	6,206,617	7,535,637	56,875,189	36,925,140		109,943,659
Loans (3)(4)	22,094,908	58,753,675	57,445,306	167,476,665	225,670,531	58,856,543	24,445,092	614,742,720
Financial Assets Measured at Amortized Cost		1,463,602	2,231,316	5,193,950	29,888,248	12,768,212		51,545,328
Other Assets	16,173,297	8,361,915	178,859	301,254	1,244,777		60,471,268	86,731,370
Total Assets	169,573,968	174,612,538	78,545,534	188,657,776	319,514,247	108,583,650	84,916,360	1,124,404,073
Liabilities								
Bank Deposits	1,302,757	1,639,400	1,720,923	713,064	1,050,890			6,427,034
Other Deposits	290,564,393	255,680,365	36,248,550	24,352,821	3,443,189	962,851		611,252,169
Funds Provided from Other Financial Institutions		5,237,609	10,472,605	46,836,875	43,778,644	22,597,950		128,923,683
Money Market Funds		46,847,607	2,541,576	4,322,725	25,945			53,737,853
Marketable Securities Issued (5)		2,104,244	9,351,397	22,621,436	35,838,166	19,641,346		89,556,589
Miscellaneous Payables	51,022,153	24,813,302	348,317	46,871	103,118			76,333,761
Other Liabilities (6)	18,999	10,753,057	6,009,848	4,314,889	1,593,751	300,029	135,182,411	158,172,984
Total Liabilities	342,908,302	347,075,584	66,693,216	103,208,681	85,833,703	43,502,176	135,182,411	1,124,404,073
Liquidity Gap	-173,334,334	-172,463,046	11,852,318	85,449,095	233,680,544	65,081,474	-50,266,051	
Net Off Balance Sheet Position		1,303,544	2,537,428	314,978	1,850,956	494,422		6,501,328
Derivative Financial Assets		154,345,598	63,995,026	43,416,267	67,227,055	65,745,376		394,729,322
Derivative Financial Liabilities		153,042,054	61,457,598	43,101,289	65,376,099	65,250,954		388,227,994
Non-cash Loans	117,111,116	3,824,077	10,279,933	47,548,648	14,381,524	6,470,495		199,615,793
Prior Period								
Total Assets	70,882,432	108,306,733	47,740,826	129,951,527	218,540,351	78,162,987	64,567,407	718,152,263
Total Liabilities	191,905,025	217,784,796	52,971,043	60,643,545	67,140,284	26,790,441	100,917,129	718,152,263
Liquidity Gap	(121,022,593)	(109,478,063)	(5,230,217)	69,307,982	151,400,067	51,372,546	(36,349,722)	
Net Off Balance Sheet Position	(2,889)	(2,546,299)	(3,056,205)	(152,308)	699,240	7,774		(5,050,687)
Derivative Financial Assets	1,253,008	73,124,894	48,885,862	29,307,917	41,828,035	48,022,635		242,422,351
Derivative Financial Liabilities	1,255,897	75,671,193	51,942,067	29,460,225	41,128,795	48,014,861		247,473,038
Non-cash Loans	67,981,107	2,833,862	6,189,109	25,982,187	14,953,815	4,946,327		122,886,407

(¹) Assets, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which cannot be converted into cash in short-term, other liabilities such as Provisions which are not considered as payables and Shareholders' Equity, are shown in "Unallocated" column.
(²) The balances include financial derivative assets.
(³) Includes leasing and factoring receivables.
(⁴) Stage 3 Non performing loans are included in "Unallocated" column.
(⁵) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.
(⁶) The borrower funds are presented in "Up to 1 month" column in other liabilities.

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In compliance with the "TFRS 7", the following table indicates the maturities of the Group's major financial liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The values of the related liabilities registered in balance sheet do not include these amounts.

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	291,867,150	257,817,496	38,441,570	25,318,327	4,584,375	1,145,789	619,174,707	1,495,504	617,679,203
Funds Provided from Other Financial Institutions		5,179,465	10,843,245	48,493,365	46,585,229	23,859,359	134,960,663	6,036,980	128,923,683
Money Market Funds		46,912,274	2,550,211	4,360,066	26,546		53,849,097	111,244	53,737,853
Marketable Securities Issued (Net) (1)		2,348,478	9,678,950	26,563,296	46,508,859	23,533,539	108,633,122	19,076,533	89,556,589
Leasing Liabilities		35,971	82,418	272,940	922,507	506,016	1,819,852	580,138	1,239,714

(¹) Includes bonds that have the nature of issued secondary subordinated loans, which are classified as subordinated loans on the balance sheet.

Prior 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	157,339,437	163,515,468	40,912,349	16,801,854	3,500,350	735,236	382,804,694	1,111,301	381,693,393
Funds Provided from Other Financial Institutions		3,136,352	5,045,193	27,715,328	32,071,745	14,548,478	82,517,096	4,914,208	77,602,888
Money Market Funds		25,611,420	11,687	428,338			26,051,445	66,798	25,984,647
Marketable Securities Issued (Net) (1)		2,274,376	2,511,577	17,477,662	40,245,888	16,003,969	78,513,472	14,588,045	63,925,427
Leasing Liabilities		26,713	56,965	205,568	675,895	417,762	1,382,903	464,163	918,740

(¹) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

The following table shows the remaining maturities of non-cash loans of the Group.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	39,975,559	1,442,386	1,343,837	4,648,587	1,266,738	196,642	48,873,749
Letters of Guarantee	75,667,646	1,355,867	6,702,245	32,852,294	11,984,768	4,104,143	132,666,963
Acceptances	583,828	1,010,984	2,233,851	9,932,465	44,745		13,805,873
Other	884,083	14,840		115,302	1,085,273	2,169,710	4,269,208
Total	117,111,116	3,824,077	10,279,933	47,548,648	14,381,524	6,470,495	199,615,793

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	14,423,731	1,183,876	1,206,403	5,581,173	198,728		22,593,911
Letters of Guarantee	52,890,702	1,282,444	4,150,104	16,223,311	10,231,470	3,293,179	88,071,210
Acceptances	66,504	367,542	832,602	4,083,376	3,700,319		9,050,343
Other	600,170			600,170	823,298	1,653,148	3,170,943
Total	67,981,107	2,833,862	6,189,109	25,982,187	14,953,815	4,946,327	122,886,407



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The following table shows the remaining maturities of derivative financial assets and liabilities of the Group.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy		9,789,528	7,650,678	14,817,597	4,796,590		37,054,393
Forwards Contracts- Sell		10,177,720	7,694,897	14,931,354	4,598,985		37,402,956
Swaps Contracts -Buy		120,101,356	48,549,092	22,481,946	62,186,646	62,720,302	316,039,342
Swaps Contracts -Sell		133,617,738	49,670,442	22,068,513	60,350,931	62,225,880	327,933,504
Futures Transactions-Buy		7,696	922,465	591,886			1,522,047
Futures Transactions-Sell		7,967	175,595	595,566			779,128
Options-Call		5,122,288	2,949,375	4,012,940		3,025,074	15,109,677
Options-Put		5,201,143	2,919,767	3,962,813		3,025,074	15,108,797
Other		23,362,216	4,920,313	3,054,941	670,002		32,007,472
Total		307,387,652	125,452,624	86,517,556	132,603,154	130,996,330	782,957,316

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts - Buy	816,023	8,645,929	4,322,816	9,149,971	2,553,562		25,488,301
Forwards Contracts - Sell	914,210	8,521,913	4,484,575	8,961,042	2,546,661		25,428,401
Swaps Contracts - Buy		50,595,003	34,514,507	16,909,423	38,527,288	46,181,823	186,728,044
Swaps Contracts - Sell		62,209,114	44,558,222	17,162,503	37,834,949	46,174,049	207,938,837
Futures Transactions - Buy		306,435	1,888,709	960,069			3,155,213
Futures Transactions - Sell		330,779	1,408,440	1,056,468			2,795,687
Options - Call		2,883,278	628,963	2,033,885	747,185	1,840,812	8,134,123
Options – Put		2,882,495	626,246	2,030,192	747,185	1,840,812	8,126,930
Other	778,672	12,421,141	8,395,451	504,589			22,099,853
Total	2,508,905	148,796,087	100,827,929	58,768,142	82,956,830	96,037,496	489,895,389

VII. Explanations on Leverage Ratio

a. Explanations on Differences Between Current and Prior Years’ Leverage Ratios

The Bank’s consolidated leverage ratio is calculated in accordance with the principles of the “Regulation on Measurement and Evaluation of Banks’ Leverage Level”. The Bank’s consolidated Leverage ratio is 6.12 % (December 31, 2020: 7.12 %). According to Regulation the minimum leverage ratio is 3%. The changes in the leverage ratio are mostly due to the increase in the risk amounts.

b. Summary Comparison Table Related to Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS:

	Current Period	Prior Period
Summary Comparison Table Related to Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS	796,665,165 ⁽¹⁾	709,207,993
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	(7,123,860) ⁽¹⁾	(8,944,270)
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 ⁽²⁾	(4,521,050)	(3,351,515)
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 ⁽²⁾	41,010,346	18,116,176
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 ⁽²⁾	19,341,737	12,865,465
The other differences between amount of assets and risk in the Communiqué on Preparation of Consolidated Financial Statements of Banks ⁽²⁾	7,102,851	(806,281)
Total Exposures ⁽²⁾	1,376,092,005	963,934,710

⁽¹⁾ As the consolidated financial statements dated 31.12.2021 prepared per paragraph 6 of article 5 of the 'Communiqué on the Preparation of Consolidated Financial Statements of Banks' have not yet been published as of the report date pursuant the legal regulations, the consolidated financial statement balances of 30.06.2021 are included.

⁽²⁾ The amounts in the table represents the average of three months.

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c. Explanations on consolidated leverage ratio

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs. but including collateral)	1,025,401,026	730,977,764
Asset amounts deducted in determining Basel III Tier 1 capital	(1,968,196)	(1,548,881)
The total amount of risk on-balance sheet exposures	1,023,432,830	729,428,883
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	23,322,566	10,703,858
The potential amount of credit risk with derivative financial instruments and credit derivatives	4,521,050	3,351,515
The total amount of risk on derivative financial instruments with credit derivatives	27,843,616	14,055,373
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	5,751,181	5,669,548
Risk amount of exchange brokerage operations		
The total amount of risk investment securities or commodity collateral financial transactions	5,751,181	5,669,548
Off -Balance Sheet Items		
Gross notional amount for off-balance sheet items	337,285,014	226,931,774
Adjustments for conversion to credit equivalent amounts	(18,220,636)	(12,150,868)
The total amount of risk for off-balance sheet items	319,064,378	214,780,906
Capital and Total Exposures		
Tier 1 Capital	83,746,667	68,560,575
Total Exposures	1,376,092,005	963,934,710
Leverage Ratio		
Leverage Ratio	6.12	7.12

⁽¹⁾ Three-month average of the amounts in Leverage Ratio table.

VIII. Explanations on Other Price Risk

The Group is exposed to stock price risk due to its investments in companies being traded on the BIST.

The Group's sensitivity to stock price risk at the reporting date was measured with an analysis. In the analysis, with the assumption of all other variables were held constant and the data (stock prices) used in the valuation method are 10 % higher or lower. According to this assumption in shares traded in Borsa İstanbul and followed under Financial Assets at Fair Value through Profit or Loss account, expected to have an effect amounting to TL 236,569 increase/decrease.

IX. Explanations on Presentation of Assets and Liabilities at Fair Value

1. Information on fair values of financial assets and liabilities

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Money Market Placements	2,993,064	2,201,527	2,993,064	2,201,527
Banks	35,195,242	19,712,344	35,181,094	22,324,218
Financial Assets at Fair Value Through Other Comprehensive Income	109,943,659	77,827,270	109,943,659	77,827,270
Financial Assets Measured at Amortized Cost	51,545,328	45,604,603	50,990,529	45,702,301
Loans ⁽¹⁾	590,297,628	403,934,870	569,711,027	384,847,541
Financial Liabilities				
Banks Deposits	6,427,034	5,704,272	6,185,928	5,586,995
Other Deposits	611,252,169	375,989,121	610,797,007	375,097,507
Funds Provided from Other Financial Institutions	128,923,683	77,602,888	123,962,706	75,876,780
Marketable Securities Issued ⁽²⁾	89,556,589	63,925,427	85,380,759	64,293,176
Miscellaneous Payables and funds borrowed	77,025,465	52,417,767	77,025,465	52,417,767

⁽¹⁾ Factoring and Leasing Receivables are included.

⁽²⁾ Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.



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Strike prices, quotations, market prices determined by the CBRT and published in the Official Gazette and the values calculated by using alternative models, are taken as the basis in the fair value determination of financial assets at fair value through other comprehensive income.

When the prices of the financial assets measured at amortized cost cannot be measured in an active market, fair values are not deemed to be reliably determined and amortized cost, calculated by the internal rate of return method, are taken into account as the fair values.

Fair values of banks, loans granted, deposits and funds borrowed from other financial institutions are calculated by discounting the amounts in each maturity bracket formed according to repricing periods, using the rate corresponding to relevant maturity bracket in the discount curves based on current market conditions.

2. Information on fair value measurements recognized in the financial statements

IFRS 13 – “Fair Value Measurement” standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles of ranking.

Current Period	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	710,080	6,028,045	
Equity Securities	2,368,275	458,185	
Derivative Financial Assets at Fair Value through Profit and Loss		24,750,427	
Other	700,327	2,066,313	2,149,813
Financial Assets at Fair Value Through Other Comprehensive Income(1)			
Debt Securities	65,501,109	41,450,375	1,789,775
Equity Securities	140,975	745,821	
Other	243,653	24,966	
Derivative Financial Liabilities		14,078,527	

(1) Since they are not traded in an active market, the equity securities (TL 46,985) under the financial assets at fair value through other comprehensive income are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

Prior Period	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	290,342	624,882	3,187
Equity Securities	1,345,669	261,922	
Derivative Financial Assets Held for Trading		6,710,129	
Other	360,628	1,763,563	2,149,813
Financial Assets Available-for-Sale(1)			
Debt Securities	51,030,195	24,638,435	862,526
Equity Securities	82,962	428,254	
Other	657,092	89,168	
Derivative Financial Liabilities		8,854,434	

(1) Since they are not traded in an active market, the equity securities (TL 38,638) under the financial assets available-for-sale are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

The movement table of financial assets at level 3 is given below:

	Current Period	Prior Period
Balance at the Beginning of the Period	3,015,526	2,771,586
Purchases	1,018,018	264,274
Redemption or Sales	(300,848)	(74,558)
Valuation Difference	307,502	54,224
Transfers	(100,610)	
Balance at the end of the Period	3,939,588	3,015,526

Properties that are recorded under tangible assets at fair value by the Bank and consolidated companies are classified in the 3rd level, whereas investment properties are classified both in the 2nd and 3rd level.

The loans measured at fair value through profit and loss under Level 3 consists of other financial assets to the special purpose entity which is disclosed in the Section V footnote I-f.2 and footnote I.r. The mentioned loan's fair value is determined by the various valuation methods. The potential changes in the fundamental estimations and assumptions in the valuation work can affect the carrying fair value of the loan.

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X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions

The Group gives trading, custody, fund management services in the name and on the account of its customers. The Group has no fiduciary transactions.

XI. Explanations on Risk Management Objectives and Policies

Explanations according to “Communiqué on Public Disclosures about Risk Management” published on the Official Gazette No.29511 dated October 23, 2015 are included below. The Bank uses standardised approach for calculation of capital charge for credit risk, therefore explanations about internal ratings-based approach are not included.

The implications of developments related to the COVID-19 pandemic on the Group's risk profile and risk appetite framework are closely monitored. With stress tests, the levels of the Group's capital adequacy ratio are estimated and monitored. In addition, reverse stress tests are carried out regularly by determining the problematic loan increase rate and interest and exchange rate increase rates, which will cause the Group's capital adequacy to fall to legal limits.

a. General Information on Risk Management and Risk Weighted Amounts

a.1 Risk Management Approach of the Group

The Group is exposed to financial and non-financial risks which are required to be analyzed, monitored and reported within specific risk management principles and with the perspective of Group risk management. The risk management process is organized within the framework of risk management and serves the creation of a common risk culture in corporate level; which brings “corporate governance” to forefront, the independence of the internal audit and monitoring units from the business units that undertake risks is established risk is defined in accordance with international regulations and in this context measurement, analysis, monitoring, reporting and control functions are carried.

Risk management process and the functions involved in the process is one of the primary responsibilities of the Board of Directors. The Risk Committee operates to prepare the Group's risk management strategies and policies, submit them to the Board of Directors for approval and monitor the implementations. Evaluating the capital adequacy and observing the active use of results in planning and decision making processes, establishing and monitoring limits related to main risks, monitoring the activities of risk management (determining, defining, measuring, evaluating and managing risk) and monitoring results and methods in measuring risk are also under their authority and responsibility of the Committee. Committee reports activity results to the Board of Directors through Audit Committee.

The Operational Risk Committee operates to determine strategies and policies for managing operational risks that the Bank may be exposed to, to develop an operational risk management framework and to strengthen the governance model for operational risks. The Committee reports the results of the activity to the Board of Directors through the Audit Committee.

The Group's risk management process is carried out within the framework of risk policies which are issued by the Board of the Directors by taking the recommendations of the Risk Management Department into account and which include the written standards that are implemented by the business units. These policies which are entered into force in line with the international practices are general standards which contain organization and scope of the risk management function, risk measurement policies, duties and responsibilities of the risk management group, procedures for determining risk limits, ways to eliminate limit violations, compulsory approvals and confirmations to be given in a variety of events and situations.

In the aforementioned risk policies, the Group's risk appetite framework is defined as a set of approaches that determine the risk capacity, the risk appetite, the risk tolerance and that include the policies, procedures, controls and systems for reporting and monitoring of the limits set for the Group's risk profile and the indicators in the framework. The Group's risk appetite framework, which is formed in accordance with the above-mentioned factors and entered into force with the Board of Directors approval, includes indicators that are aligned with the business plan, the strategic programme, capital and remuneration planning and comparable on a business unit level to the extent possible. The compliance to the limits within the framework is periodically monitored and the realization of the risk appetite indicators are reported to the Risk Committee and the Boards on a monthly basis.

In order to build a strong corporate culture that has a risk management perspective, the Group has policies, processes, systems and a control system that is integrated with the risk management system. All employees of the Group essentially perform their duties in a responsible manner that aims to develop controls to reduce or eliminate the probability of the Group to incur losses related to the operational risks. In the process risk analysis studies, risks and the related controls are evaluated together with employees performing the relevant process in a holistic approach. Procedures to be followed in case of a risk threshold breach and risk definitions are given in the risk politics. Code of conducts, operation manuals, the sharing of duties between business units and risk units are announced to staff.

The risk reports that analyse the results reached by the Parent Bank and the comprehensive risk assessment and comparison of these results with a risk management perspective are periodically submitted to the Risk Committee and to the Board through the Audit Committee. The content of the above mentioned reports could be summarised as follows:

- Capital adequacy ratio, the progression of the components of this ratio and the issues that affect the aforementioned ratio,
- Monitoring the compliance status of the limits set by the Board of Directors as a part of therisk appetite framework and based on the components of the main risk types,
- In addition to the assesment of the loan portfolio on the basis of counterparties and loan types, monitoring of the portfolio as a whole according to parameters such as maturity, sector, geography, risk ratings, arrears, defaults,
- Measuring the assets and liabilities management risk, and reporting of measurement results,
- Monitoring all risks assessed within the scope of non-financial risks, including operational risk, reputational risk and climate change risk, and operational risk qualified loss events and risk indicators occurring at the Bank,
- Testing measurement results for their integrity and reliability,
- Analysing the level of risk indicators under various stress scenarios,
- Examining various concentration indicators and the course followed by these indicators.

In addition, analyzes and evaluations regarding the risk level of the companies included in the consolidated risk policies are also included in the mentioned report.



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As per the communique on “Bank’s Internal Systems and Internal Capital Adequacy and Assessment Process” and “Guidelines for Stress Testing of Banks to Use in Capital and Liquidity Planning”, stress tests are conducted for the entire risks that the Group is exposed to and on the basis of significant risk categories. As a part of the holistic stress tests, risk appetite, capital planning, strategic plan and budget, action plans for emergencies and unexpected situations related to miscellaneous risks and other issues considered as significant are taken into consideration. In the above-mentioned stress tests, the methods that form the basis of regulatory reporting (standard method for credit and market risk, basic indicator method for operational risk) are used. On the other hand, in the stres tests for individual risk types the most advanced approaches used for risk measurement in the Parent Bank are leveraged.

In the stress tests, both the first pillar risks (credit risk, market risk, operational risk) in scope of the regulatory framework and all the other risks that the Group is exposed to independent of the regulatory framework are taken into account in a holistic perspective. In determining the course of capital adequacy under various scenarios during the planning horizon, the actions that the Group will take in case of stress conditions and the impact of the diversified growth strategies of business units on the capital adequacy and the balance sheet are considered.

The repercussions of developments related to the COVID-19 outbreak on the Bank’s risk profile and risk appetite framework are closely monitored. The negative effects of the COVID- 19 outbreak are also taken into account in the calculation of loan loss provisions. The levels at which the capital adequacy ratio of the Bank will reach are estimated and monitored with stress tests. In addition, reverse stress tests are carried out regularly, by determining the problematic loan growth rate and exchange rate increase rates, which will cause the Bank’s capital adequacy to decrease to legal limits.

The scope and content of the Parent Bank’s risk management system in terms of the main risk types are listed below. Risk mitigation strategies and processes for the assessment of their effectiveness are given in Fourth Section II No. "Explanations on Credit Risk" under the Fourth Chapter XI-c.2 notes. No. "The Public Disclosure of Qualitative Information Related to the Market Risk " mentioned in the section.

Credit Risk

Credit risk is defined as the risk of the failure to comply with the requirements or failing to fulfill its obligations partially or totally of the counter side of the transaction contract with the Parent Bank. The methodology and responsibilities of the credit risk management, controlling and monitoring and the framework of credit risk limitations specified with the credit risk policy.

The Bank defines measures and manages credit risk of the all products and activities. Board of Directors review the Parent Bank’s credit risk policies and credit risk strategy on an annual basis as a minimum. Key Management is responsible for the implementation of credit risk policies which are approved by Board of Directors.

As a result of loans and credit risks analysis all findings are reported to Board of Directors and Key Management on a regular basis. In addition to transaction and company based credit risk assessment process, monitoring of credit risk also refers to an approach with monitoring and managing the credit as a whole maturity, sector, security, geography, currency, credit type and credit rating.

In the Parent Bank’s credit risk management, along the limits as required by legal regulations, the Parent Bank utilizes the risk limits to undertake the maximum credit risk within risk groups or sectors that the Board of Directors determines. These limits are determined such a way that prevents risk concentration on particular sectors. Excess risk limits up to legal requirements and boundaries limits are considered as an exception. The Board of Directors has the authority in exception process. The results of the control of risk limits and the evaluations of these limits are presented by Internal Audit and Risk Management Group to Key Management and Board of Directors.

The Bank uses credit decision support systems which are created for the purpose of credit risk management, lending decisions, controlling the credit process and credit provisioning. The consistency of the credit decision support systems with the structure of the Parent Bank’s activities, size and complexity is examined continuously by internal systems. Credit decision support systems contain the Risk Committee assessment and approval of Board of Directors.

Asset and Liability Management Risk

Asset-liability management risk defined as the risk of Group’s incurring loss due to managing all financial risks that are inflicted from the assets, liabilities and off-balance sheet transactions, ineffectively. Trading book portfolio’s market risk, structural interest rate risk and liquidity risk of the banking portfolio; are considered within the scope of the asset liability management.

Complying the established risk limits and being at the limits that stipulated by the legislation are the primary priority of Asset-liability management risk. Risk limits are determined by the Board of Directors by taking into consideration of the Group’s liquidity, target income level and general expectations about changes in risk factors

Board of Directors and the Audit Committee are responsible for following the Group’s capital is used optimally; for this purpose, checking the status against risk limits and providing the necessary actions are taken.

Asset and Liability Management Committee is responsible for managing the Asset and Liability risk within the framework of operating principles that are involved in the risk appetite and risk limits are set by the Board of Directors in accordance with the policy statement.

Asset and liability management processes and compliance with the provisions of the policy are controlled and audited by the internal audit system. The execution of the audit, reporting the audit results, action plans for the elimination of errors and gaps identified as a result of inspections regarding the fulfillment of the principles, are determined by the Board of Directors.

Operational Risk

Operational risk is defined as “insufficient or unsuccessful internal processes, people and systems, or external events resulting from and legal it is defined as “the possibility of causing harm”, which also includes the risk that may arise. Studies consisted and are formed of occur by execution of identification, definition, measurement, analysis, monitoring of operational risk, providing and reporting the necessary control related to monitoring the progress of our country and the world, the development of techniques and methods, necessary legal reporting, notification and conduct of follow-up transactions. Studies on the subject are conducted by the Department of Risk Management.

Operational risks that arise due to the activities are defined in "Bank Risk Catalogue" and classified in respect of species. Bank Risk Catalogue is kind of the fundamental document that used for identification and classification of all at the risk that may be encountered. It is updated in line with the changes in the nature of the processes and activities.

Qualitative and quantitative methods are used in a combination for measurement and evaluation of the operational risks. In this process, information use that obtained from "Impact-Probability Analysis", "Missing Event Data Analysis", "Risk Indicators", "Scenario Analysis", "Top-Down Risk Assessment", "Internal Model" methods. Methods prescribed by legal regulations are applied as minimum in determining the capital requirement level for the operating risk.

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Operational Risk Committee that established by a decision of the board of directors on 30.04.2020, the management of operational risks that the bank may be exposed for the determination of policies and strategies, the development of an operational risk management framework and operational risks include activities with the aim of strengthening the governance model. The Committee works in cooperation with the Risk Committee and reports the results of its activities to the Board of Directors through the Audit Committee.

All risks are assessed in the context of operational risk, loss events and the risk indicators same as operational risks that occurred in the Parent Bank, are monitored on a regular basis by the Department of Risk Management and reported periodically to the Risk Committee, Operational Risk Committee and the Board of Directors.

Model Risk Management and Validation Operations

Model risk is the risk of financial losses and / or loss of reputation that the Bank may be exposed to due to errors and / or malfunctions that occur during the creation, implementation or use of models used in its activities. In order to address the model risk in a holistic manner, the model definition, model life cycle and triple line of defense structure and the duties and responsibilities of all functions of the Bank in this structure are defined in the model risk management policy.

Model risk management and validation activities in the second line of defense of the triple line of defense structure; creating the model inventory, determining and approving the model class, validating the models, preparing periodic reports on the Bank’s model risk and reporting to the Risk Committee, Audit Committee. and submission to the Board of Directors.

Risk measurement models are validated at least once a year under international standardsWithin the scope of validation, activities are carried out to test the performance and validity of models with statistical methods, to examine the quality of the data used in the model development phase and the conceptual soundness of the selected methods, and to evaluate the health of the processes created for the use of the models.The results of the validation activities are reported to the Risk Committee and the Board of Directors.

Subsidiaries Risk Operations

Corporations within the Bank’s consolidated risk policy, in terms of their own business lines, measure, evaluate and monitor risks, establish risk limits. Risk limits are approved by their own Board of Directors. Risk levels are reported to the Bank’s Risk Committee within the periods set by the Bank, to monitor risk levels on consolidated basis. The Bank’s Risk Committee, assesses the risk levels and report the results to the Board of the Directors of the Bank.

a.2. General Information on Risk Weighted Amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	578,238,623	460,542,007	46,259,090
Of which standardised approach (SA)	578,238,623	460,542,007	46,259,090
Of which internal rating-based (IRB) approach			
Counterparty credit risk	17,096,324	10,583,780	1,367,706
Of which standardised approach for counterparty credit risk (CCR)	17,096,324	10,583,780	1,367,706
Of which internal model method (IMM)			
Equity positions in banking book under basic risk weighting or internal rating-based approach			
Equity investments in funds – look-through approach	2,683,178	2,745,702	214,654
Equity investments in funds – mandate-based approach			
Equity investments in funds - 1250% weighted risk approach			
Settlement risk			
Securitization positions in banking accounts			
Of which IRB ratings-based approach (RBA)			
Of which IRB Supervisory formula approach (SFA)			
Of which SA/simplified supervisory formula approach (SSFA)			
Market risk	22,674,325	17,495,725	1,813,946
Of which standardised approach (SA)	22,674,325	17,495,725	1,813,946
Of which internal model approaches (IMM)			
Operational Risk	51,469,094	41,095,093	4,117,528
Of which Basic Indicator Approach	51,469,094	41,095,093	4,117,528
Of which Standardised approach (SA)			
Of which Advanced measurement approach			
The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	700,490	605,435	56,039
Floor adjustment			
Total	672,862,034	533,067,742	53,828,963



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b. Linkages Between Financial Statements and Risk Amounts

b.1 Differences and linkage between scopes of accounting consolidation and regulated consolidation

Differences and Linkage Between Accounting Consolidation and Legal Consolidation Scope:

Current Period	Carrying values in financial statements prepared as per TAS ⁽¹⁾	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards(TAS) ⁽²⁾				
			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 CBRT	93,205,447	184,021,225	184,021,225				
Banks and Money Market Placements	33,145,720	38,188,306	38,188,306				
Financial Assets at Fair Value Through Profit/Loss	8,409,700	14,481,038	9,704,721			4,776,317	
Financial Assets at Fair Value Through Other Comprehensive Income	84,199,663	109,943,659	109,943,659			1,474,079	
Derivative Financial Assets at Fair Value Through Profit/Loss	7,584,971	24,750,427	24,750,427	24,750,427		11,111,264	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	240,346						
Financial Assets at Measured at Amortised Cost – Loans ⁽³⁾	468,246,586	614,742,720	614,742,720				
Financial Assets at Measured at Amortised Cost – Other Financial Assets	46,660,825	51,545,328	51,545,328				
Financial Assets at Measured at Amortised Cost – Expected Credit Loss (-)	27,796,267	32,854,286	(32,854,286)				
Assets Held for Sale and Discontinued Operations	1,249,819	910,871	910,871				
Investment in Associates, Subsidiaries and Joint-Ventures	1,535,268	21,918,409	21,918,409				
Tangible Assets	26,244,829	11,407,024	11,407,024				89,996
Intangible Assets	3,036,161	2,182,025	2,182,025				1,993,519
Investment Properties	4,592,726	4,601,916	4,601,916				
Current Tax Asset	52,882	74,819	74,819				
Deferred Tax Asset	5,694,387	3,118,976	3,118,976				
Other Assets	40,362,102	75,371,616	75,371,616				
Total Assets	796,665,165	1,124,404,073	1,185,336,328	24,750,427		17,361,660	2,083,515
Liabilities							
Deposits	421,864,993	617,679,203					
Funds Borrowed	100,167,706	128,923,683		53,235,157			
Money Market Funds	36,262,848	53,737,853					
Marketable Securities Issued	46,005,292	48,077,312					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	5,692,646	14,078,527				14,078,527	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	77,640						
Leasing Liability	1,331,727	1,239,714					
Provisions	31,668,377	35,609,317					
Current Tax Liability	1,947,981	2,561,136					
Deferred Tax Liability	311,729	124,949					
Subordinated Debts	28,169,115	41,479,277					
Other Liabilities	32,808,618	84,724,923					
Shareholders' Equity	90,356,493	96,168,179					
Total Liabilities	796,665,165	1,124,404,073		53,235,157		14,078,527	

⁽¹⁾ June 30, 2020 amounts are represented, as consolidated financial statements dated December 31, 2020 prepared in accordance with Article No 5 of Clause No 6 in the Communiqué on Preparation of Consolidated Financial Statements of Banks are not published as of reporting date.

⁽²⁾ Leasing and Factoring Receivables are included.

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Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
			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 CBRT	71.614.469	71,970,390	71,970,390				
Banks and Money Market Placements	23.385.918	21,913,871	21,913,871				
Financial Assets at Fair Value Through Profit/Loss	4.802.506	6,800,006	3,557,377			3,242,629	
Financial Assets at Fair Value Through Other Comprehensive Income	77.979.907	77,827,270	77,827,270			684,680	
Derivative Financial Assets at Fair Value Through Profit/Loss	6.881.206	6,710,129	6,710,129	6,710,129		4,763,020	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	95.278						
Financial Assets at Measured at Amortised Cost – Loans ⁽¹⁾	424.500.069	427,079,716	427,079,716				
Financial Assets at Measured at Amortised Cost – Other Financial Assets	48.413.493	45,604,603	45,604,603				
Financial Assets at Measured at Amortised Cost – Expected Credit Loss (-)	26.088.000	26,049,421	26,049,421				
Assets Held for Sale and Discontinued Operations	1.302.606	1,302,608	1,302,608				
Investment in Associates, Subsidiaries and Joint-Ventures	1.280.688	13,052,096	13,052,096				
Tangible Assets	24.807.871	8,099,954	8,099,954				79,888
Intangible Assets	2.749.347	1,653,988	1,653,988				1,530,485
Investment Properties	4.653.743	3,649,631	3,649,631				
Current Tax Asset	76.009	48,923	48,923				
Deferred Tax Asset	4.807.716	3,672,736	3,672,736				
Other Assets	37.945.167	54,815,763	54,815,763				
Total Assets	709.207.993	718,152,263	714,909,634	6,710,129		8,690,329	1,610,373
Liabilities							
Deposits	373.586.853	381,693,393					
Funds Borrowed	85.780.548	77,602,888		8,046,256			
Money Market Funds	25.984.647	25,984,647		24,558,771			
Marketable Securities Issued	43.574.557	39,499,306					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	9.025.512	8,854,434				8,854,434	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	152.307						
Leasing Liability	1.161.995	918,740					
Provisions	27.955.124	24,027,066					
Current Tax Liability	3.190.345	2,851,982					
Deferred Tax Liability	366.318	144,431					
Subordinated Debts	24.414.842	24,426,121					
Other Liabilities	28.596.962	57,287,535					
Shareholders' Equity	85.417.983	74,861,720					
Total Liabilities	709.207.993	718,152,263		32,605,027		8,854,434	

⁽¹⁾ Leasing and Factoring Receivables are included.



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b.2 The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

	Current Period	Total	Credit Risk	Counterparty credit risk	Securitization Position	Market risk
1	Asset carrying value amount under scope of TAS	1,124,404,073	1,185,336,328	24,750,427		17,361,660
2	Liabilities carrying value amount under scope of TAS			(53,235,157)		14,078,527
3	Total net amount under regulatory scope of consolidation	1,124,404,073	1,185,336,328	77,985,584		3,283,133
4	Off-balance sheet amounts	771,887,904	147,301,592	29,890,333		
5	Repurchase Transactions Valuation Adjustments(1)			6,394,736		
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(242,943,096)			
10	Differences due to risk mitigation(2)		(65,728,440)			
11	Risk Amounts		1,023,966,384	36,285,069		3,283,133

(¹) According to the 'Regulation on Measurement and Evaluation of Capital Adequacy of Banks', it is the counterparty credit risk amount calculated for repo style transactions.

(²) The source of the difference is the collateral for receivables under credit risk mitigation in the calculation of capital adequacy.

	Prior Period	Total	Credit Risk	Counterparty credit risk	Securitization Position	Market risk
1	Asset carrying value amount under scope of TAS	718,152,263	714,909,634	6,710,129		8,690,329
2	Liabilities carrying value amount under scope of TAS			(32,605,027)		8,854,434
3	Total net amount under regulatory scope of consolidation	718,152,263	714,909,634	39,315,156		164,105
4	Off-balance sheet amounts	477,657,792	90,428,221	9,869,395		
5	Repurchase Transactions Valuation Adjustments(1)			5,494,929		
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(30,300,466)			
10	Differences due to risk mitigation(2)		(5,859,247)			
11	Risk Amounts		769,178,142	15,364,324		164,105

(¹) According to the 'Regulation on Measurement and Evaluation of Capital Adequacy of Banks', it is the counterparty credit risk amount calculated for repo style transactions.

(²)The source of the difference is the collateral for receivables under credit risk mitigation in the calculation of capital adequacy.

The differences between financial statements resulting from legal consolidation and the ones resulting from accounting consolidation are mainly due to the differences in the scope of companies included in consolidation. Legal consolidation only includes partnerships that are in the form of credit institutions or financial institutions in accordance with Article No 5 of Clause No 1 in the “Communiqué on Preparation of Consolidated Financial Statements of Banks” while accounting consolidation includes all partnerships regardless of them being in the form of credit institutions or financial institutions in accordance with Article No 5 of Clause No 6 in the same communiqué.

Bank using the valuation methodology are mainly based on data observed may in accordance with TFRS 13 aims to use methods that measure the fair value. In this context, securities qualification reality in the fair value measurement of financial assets in the transaction prices, quotes, set by the CBRT and as the price published in the Official Gazette as are used also necessary from internal pricing models. As for the derivative transactions interest rates, yield curves, foreign exchange, the basis of valuation models using market data such as volatility curves, valuation service is also available from third parties.

The market prices used to value the scope of the independent price verification process, data and / or model inputs for accuracy is regularly subjected to control, as well as compliance of the results provided by the pricing services obtained from third parties with respect to certain ranges tested.

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c. Explanations on Credit Risk

c.1. General Information on Credit Risk

c.1.1. General Qualitative Information on Credit risk

Relevant information is given in the footnotes below Section Four footnote II “Explanations on Credit Risk” and Section Four footnote numbered XI-a. 1.

c.1.2. Credit Quality of Assets:

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ Amortization and Impairments	Net Values
	Defaulted	Non-defaulted		
Loans (¹)	24,445.092	590.297.628	15.898.604	598.844.116
Debt Securities		153,871,817		153,871,817
Off-balance sheet exposures	1,613,512	333,971,906	1,215,814	334,369,604
Total	26,058,604	1,078,141,351	17,114,418	1,087,085,537

(¹) Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ Amortization and Impairments	Net Values
	Defaulted	Non-defaulted		
Loans (¹)	23,144,846	403,934,870	14,371,889	412,707,827
Debt Securities		119,172,863		119,172,863
Off-balance sheet exposures	913,737	208,255,293	695,465	208,473,565
Total	24,058,583	731,363,026	15,067,354	740,354,255

(¹) Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

c.1.3. Changes in Stock of Default Loans and Debt Securities (¹)

	Current Period	Prior Period
Defaulted loans and debt securities at end of the previous reporting period	23,144,846	21,102,730
Loans and debt securities that have defaulted since the last reporting period	6,799,033	5,667,879
Receivables back to non-defaulted status	(1,017,053)	(145,197)
Amounts written off	(2,021,889)	(98,452)
Other Changes	(2,459,845)	(3,382,114)
Defaulted loans and debt securities at end of the reporting period	24,445,092	23,144,846

(¹) Indemnified non-cash loans or non-cash loans not converted into cash, of the firms which are followed under “Non-performing Loans” accounts are not included in the table.

c.1.4. Additional Information on Credit Quality of Assets

Bank’s methods for determining provision amounts and classification of its loans are mentioned in the Section Three Note VIII.

The bank is restructuring its loans classified as first and second group as well as non-performing loans and receivables. Restructuring in performing loans are made by granting a new loan or extending the term date of credit given to customer by Bank with changing conditions of contract aiming the enhancing of solvency of customer or customer’s demand. Restructuring in non-performing loans are generally made by establishing a new redemption plan within the context of a protocol aiming the collection of those receivables whose redemption plan are not valid because of delinquency previously.

The breakdown of receivables in terms of geographic regions, sectors and remaining maturities are represented in “Explanations on Credit Risk” in the Fourth Section note II.

On the basis of sector-based provisions for receivables are presented in the footnote numbered Section Four II- 16. The amounts of the receivables that are set aside for the geographical regions are as follows. The amount of non-performing loans which are written off in 2021 is TL 2,021,889



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	Current Period		Prior Period	
	Non-Performing Loans	Specific Provisions	Non-Performing Loans	Specific Provisions
Domestic	23,474,995	15,178,041	22,625,959	13,938,685
EU Countries	641,517	471,609	277,753	244,154
OECD Countries ⁽¹⁾	39,671	34,495	3,552	3,326
Off-Shore Banking Regions	44,950	20,185		
USA, Canada	7,731	6,382	8,756	6,405
Other Countries	236,228	187,892	228,826	179,319
Total	24,445,092	15,898,604	23,144,846	14,371,889

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.

The aging analysis of past-due receivables are disclosed under Section Four note II-11.

c.2. Credit Risk Mitigation

c.2.1. Qualitative Public Disclosures On Credit Risk Mitigation Techniques

In the calculation of the Group’s Credit Risk Mitigation in accordance with the “Communiqué on Credit Risk Mitigation Techniques” published in the Official Gazette numbered 29111 on September 6, 2014, the financial collaterals are taken into consideration. The Group takes local currency and foreign currency deposit pledges into consideration as financial collaterals in calculating regulatory capital adequacy.

Collateral valuation and its management policy and primary features processes are givin are given at Section Four note.II under “Information on Credit Risk” disclosure.

c.2.2. Credit Risk Mitigation Techniques – Standard Approach

Current Period	Exposures unsecured	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans ⁽¹⁾	577,741,977	10,355,755	8,618,981	10,746,384	9,724,012		
Debt securities	153,871,817						
Total	731,613,794	10,355,755	8,618,981	10,746,384	9,724,012		
Of which defaulted ⁽²⁾	23,623,595						

⁽¹⁾ D(1) Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

⁽²⁾ The gross amount valued in accordance with the TAS contained in the financial statements is included.

Prior Period	Exposures unsecured	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees ⁽¹⁾	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans ⁽²⁾	396.514.406	4.963.570	4.189.276	11.229.851	9.194.462		
Borçlanma araçları	119.172.863						
Toplam	515.687.269	4.963.570	4.189.276	11.229.851	9.194.462		
Of which defaulted ⁽³⁾	22.564.714						

⁽¹⁾ Consists loans of Credit Guarantee Fund guaranteed by the Undersecretariat of Treasury.

⁽²⁾ Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

⁽³⁾ The gross amount valued in accordance with the TAS contained in the financial statements is included.

c.3. Credit Risk Under Standardised Approach

c.3.1. Qualitative Disclosures on Banks’ Use of External Credit Ratings Under the Standardised Approach for Credit Risk

Aformentioned explanations are disclosed under Section Four note XI-a.1.

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c.3.2. Standard Approach: Credit risk exposure and credit risk mitigation effects:

Current Period	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	Risk- Weighted Amount	Risk-Weighted Amount Density
Exposures to sovereigns and their central banks	270,036,409	329,185	278,093,661	9,801,001	3,736,206	1.30%
Exposures to regional and local governments	343,195	870	343,084	267	171,690	50.00%
Exposures to administrative bodies and non-commercial entities	508,227	231,567	503,596	100,558	604,154	100.00%
Exposures to multilateral development banks	363,923		363,923			0.00%
Exposures to international organizations						
Exposures to banks and securities firms	42,040,070	21,847,240	42,026,622	18,633,667	19,713,260	32.50%
Exposures to corporates	297,665,741	163,392,828	286,624,208	92,890,256	349,203,244	92.01%
Retail exposures	168,884,127	74,776,645	165,426,261	5,834,808	97,377,938	76.00%
Exposures secured by residential property	24,218,278	1,362,521	24,171,145	605,213	8,671,725	35.00%
Exposures secured by commercial property	25,979,947	3,621,770	25,979,947	2,519,999	17,569,776	61.65%
Past-due Receivables	7,773,698		7,773,698		6,179,114	79.49%
Exposures in higher-risk categories	24,046,483	1,246,361	23,726,962	150,646	35,579,530	149.01%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment						
Undertakings	2,633,178	50,000	2,633,178	50,000	2,683,178	100.00%
Other exposures	38,233,010	21,864,123	38,233,010	131,274	27,051,365	70.47%
Equity investments	23,010,720		23,010,720		23,431,014	101.83%
Total	925,737,006	288,723,110	918,910,015	130,717,689	591,972,194	56.39%

Prior Period	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	Risk- Weighted Amount	Risk-Weighted Amount Density
Exposures to sovereigns and their central banks	179,670,497	268,080	188,865,493	1,514,133	2,344,669	1.23%
Exposures to regional and local governments	454,543	490	454,435	230	227,333	50.00%
Exposures to administrative bodies and non-commercial entities	505,570	119,941	504,858	50,470	555,328	100.00%
Exposures to multilateral development banks	356,295	803	356,295	402		0.00%
Exposures to international organizations						0.00%
Exposures to banks and securities firms	34,063,694	17,032,661	34,063,694	15,360,614	15,967,375	32.31%
Exposures to corporates	249,246,045	131,982,901	241,166,812	71,312,787	308,113,161	98.60%
Retail exposures	142,148,843	51,614,095	137,370,841	3,355,086	82,718,375	75.00%
Exposures secured by residential property	10,323,829	312,988	10,306,924	143,168	3,657,532	35.00%
Exposures secured by commercial property	21,573,337	3,345,490	21,573,337	2,390,881	14,648,062	61.12%
Past-due loans	8,475,290		8,475,290		6,686,802	78.90%
Exposures in higher-risk categories	248,854	869,651	248,854	101,830	367,574	104.82%
Exposures in the form of bonds secured by mortgages						0.00%
Short term exposures to banks, brokerage houses and corporates						0.00%
Equity investments in the form of collective investment Undertakings	2,680,702	65,000	2,680,702	65,000	2,545,498	92.71%
Equity investments	28,740,676	6,112,340	28,740,676	18,830	19,770,890	68.75%
Other exposures	13,790,256		13,790,256		14,153,517	102.63%
Total	692,278,431	211,724,440	688,598,467	94,313,431	471,756,116	60.26%



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c.3.3 Standardised Approach: Receivables according to risk classes and risk weights:

Current Period	Risk Weights										
	Consolidated										
	0% ⁽¹⁾	10%	20%	35%	50%	75%	100%	150%	250%	Other ⁽²⁾	Total
Risk Groups											
Exposures to sovereigns and their central banks	283,985,271				346,370		3,563,021				287,894,662
Exposures to regional and local governments					343,323		28				343,351
Exposures to administrative bodies and non-commercial entities							604,154				604,154
Exposures to multilateral development banks	363,923										363,923
Exposures to international organizations											
Exposures to banks and securities firms			36,648,915		22,931,570		897,484	11,190		171,130	60,660,289
Exposures to corporates	782,189		19,999,364		26,602,963		331,589,700	203,638		336,610	379,514,464
Retail exposures	43,109,482					123,094,596	5,056,991				171,261,069
Exposures secured by residential property				24,776,358							24,776,358
Exposures secured by commercial property					21,860,341		6,639,605				28,499,946
Past-due loans					3,400,695		4,161,476	211,527			7,773,698
Exposures in higher-risk categories					125,189		223,387	23,529,032			23,877,608
Exposures in the form of bonds secured by mortgages											
Short term exposures to banks, brokerage houses and corporates											
Equity investments in the form of collective investment Undertakings							2,683,178				2,683,178
Equity investments							22,730,524		280,196		23,010,720
Other exposures	11,312,919						27,051,365				38,364,284
Total	339,553,784		56,648,279	24,776,358	75,610,451	123,094,596	405,200,913	23,955,387	280,196	507,740	1,049,627,704

⁽¹⁾ Yatırım Varlık Kiralama A.Ş. with transactions of one of the group companies that are not subject to credit risk of Anadolu Hayat Emeklilik A.Ş..It also includes securities that the company blocks on behalf of its insured persons, as well as individual pension receivables.

⁽²⁾ The related balance includes receivables from central counterparties subject to a risk weight of 2%.

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Prior Period	Risk Weights										
	Consolidated										
	0% ⁽¹⁾	10%	20%	35%	50%	75%	100%	150%	200%	250%	Total
Risk Groups											
Exposures to sovereigns and their central banks	187,997,008				75,899		2,306,719				190,379,626
Exposures to regional and local governments					454,664		1				454,665
Exposures to administrative bodies and non-commercial entities							555,328				555,328
Exposures to multilateral development banks	356,697										356,697
Exposures to international organizations											
Exposures to banks and securities firms			29,950,134		19,009,555		448,715	15904			49,424,308
Exposures to corporates			566,755		7,826,073		304,086,766	5			312,479,599
Retail exposures	30,434,760					110,291,167					140,725,927
Exposures secured by residential property				10,450,092							10,450,092
Exposures secured by commercial property					18,632,312		5,331,906				23,964,218
Past-due loans					4,063,230		3,925,807	486,253			8,475,290
Exposures in higher-risk categories					117,080		82,745	150,859			350,684
Exposures in the form of bonds secured by mortgages											
Short term exposures to banks, brokerage houses and corporates											
Equity investments in the form of collective investment Undertakings					400,408		2,345,294				2,745,702
Equity investments							13,548,082			242,174	13,790,256
Other exposures	8,988,616						19,770,890				28,759,506
Total	227,777,081		30,516,889	10,450,092	50,579,221	110,291,167	352,402,253	653,021		242,174	782,911,898

⁽¹⁾ Anadolu Hayat Emeklilik A.Ş. of the group companies.it also includes securities that the company blocks on behalf of its insured persons, as well as individual pension receivables.



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d. Explanations on Counterparty credit risk

d.1. Qualitative Disclosures on Counterparty Credit Risk Approach

The counterparty credit risk that the Parent Bank exposed to is managed within the framework of general limit allocation and credit risk mitigaition that are outlined the credit risk policy. In setting general credit limits, the counterparty credit risks of customers as well as their cash and noncash risks are taken into account with a holistic view. Moreover, the total position of the transactions which create counterparty credit risk is also monitored under a separate risk limit.

The counterparty credit risk, which stems from derivatives and repo like transactions including transactions with qualified central counterparties that result in liabilities for both sides, is measured according to the Appendix-2 and Appendix-4 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" Counterparty credit risk valuation method based on the calculation of fair values of the derivative transactions is implemented. In calculating the potential credit risk, the amount of the contract is multiplied by the rates given in the regulation. The replacement costs of derivative instruments are calculated based on the valuation of the related contracts according to the fair value method.

Most of the credit risk related to the derivative transactions with other banks is subject to daily collateral clearing agreements mutually signed with related parties and the counterparty credit risk is hence reduced. On the other hand, the risk-reducing effect of such agreements is not considered in the calculation of the counterparty credit risk under the capital adequacy legislation. There are no guarantees received or sold by credit derivatives by the Bank in the context of trading or banking accounts.

d.2. Counterparty Credit Risk (CCR) Approach Analysis:

Current Period	Replacement Cost	Potential Future Exposure	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardised Approach - CCR (for derivatives) ⁽¹⁾	17,111,025	3,145,731	20,256,756	8,723,392
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			4,896,829	1,616,356
Total	17,111,025	3,145,731	25,153,585	10,339,748

(1) Transactions with central counterparties are not included.

Prior Period	Replacement Cost	Potential Future Exposure	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardised Approach - CCR (for derivatives)	6,235,166	2,178,487	8,413,653	8,413,653
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			5,304,371	2,097,232
Total	6,235,166	2,178,487	13,718,024	7,847,241

d.3. Capital obligation for credit valuation adjustment (CVA):

	Current Period		Prior Period	
	Risk Amounts	Risk Weighted Amounts	Risk Amounts	Risk Weighted Amounts
Total portfolio value with standardized approach CVA capital change	20,256,756	6,743,838	8,413,653	2,718,719
Total subject to the CVA capital change	20,256,756	6,743,838	8,413,653	2,718,719

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d.4 CCR Exposures by risk class and risk weights:

Current Period	Risk Weights								
	0%	10%	20%	50%	75 %	100%	150%	Other (1)	Total Credit
Risk Groups									
Conditional and unconditional exposures to sovereigns and their central banks	9,501,019								9,501,019
Conditional and unconditional exposures to regional and local governments									
Conditional and unconditional exposures to administrative bodies and non-commercial entities						5,788			5,788
Conditional and unconditional exposures to multilateral development banks									
Conditional and unconditional exposures to international organizations									
Conditional and unconditional exposures to banks and securities firms			2,822,386	5,339,074					8,161,460
Exposures to corporates			256,646	343,990		6,852,442			7,453,078
Retail exposures					32,240				32,240
Exposures secured by residential property									
Past-due items									
Exposures in high-risk categories									
Exposures in the form of bonds secured by mortgages									
Short term exposures to banks, brokerage houses and corporates									
Equity investments in the form of collective investment undertakings									
Other exposures									
Equity investments								507,740	507,740
Total	9,501,019		3,079,032	5,683,064	32,240	6,858,230		507,740	25,661,325

(1) Related balance includes receivables from central counterparties subject to 2% risk weight.



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	Risk Weights								
Prior Period	0%	10%	20%	50%	75 %	100%	150%	Other (1)	Total Credit Exposure
Risk Groups									
Conditional and unconditional exposures to sovereigns and their central banks	1,080,938								1,080,938
Conditional and unconditional exposures to regional and local governments									
Conditional and unconditional exposures to administrative bodies and non-commercial entities						321			321
Conditional and unconditional exposures to multilateral development banks									
Conditional and unconditional exposures to international organizations									
Conditional and unconditional exposures to banks and securities firms			2,785,215	5,086,222		3			7,871,440
Exposures to corporates			976	19,613		4,712,837			4,733,426
Retail exposures					31,899				31,899
Exposures secured by residential property									
Past-due items									
Exposures in high-risk categories									
Exposures in the form of bonds secured by mortgages									
Short term exposures to banks, brokerage houses and corporates									
Equity investments in the form of collective investment undertakings									
Other exposures									
Equity investments								786,600	786,600
Total	1,080,938		2,786,191	5,105,835	31,899	4,173,161		786,600	14,504,624

(1) Related balance includes receivables from central counterparties subject to 2% risk weight.

d.5. Collateral for CCR:

Current Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral		Received Collateral	Given Collateral
	Segregated	Not Segregated	Segregated	Not Segregated		
Cash- Domestic Currency					40,504,926	
Cash- Other Currencies					10,535,283	
Government bills/bonds-Domestic					297,843	
Government bills/bonds-FC						
Corporate bills/bonds						
Total					51,338,052	

Prior Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral		Received Collateral	Given Collateral
	Segregated	Not Segregated	Segregated	Not Segregated		
Cash- Domestic Currency					19,973,100	
Cash- Other Currencies					11,632,214	
Government bills/bonds-Domestic					137,736	
Government bills/bonds-FC						
Corporate bills/bonds-FC					28,713	
Total					31,771,763	

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d.6. Credit derivatives exposures:

None.

d.7. Exposures to central counterparties (CCP):

	Current Period		Prior Period	
	Post CRM risk exposure	RWA	Post CRM risk exposure	RWA
Exposure to Qualified Central Counterparties (QCCPs) (total)	803,529	12,738	862,425	17,820
Exposures for trades at WCCPs (excluding initial margin and default fund contributions); of which	507,740	10,155	786,600	15,732
(i) OTC Derivatives	505,714	10,114	782,259	15,645
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse transactions, credit securities transactions and securities or commodities lending or borrowing	2,026	41	4,341	87
(iv) Netting sets where cross-product has been				
Segregated initial margin	194,244		28,350	
Non-segregated initial margin				
Paid guarantee fund amount	101,545	2,583	47,475	2,088
Unpaid guarantee fund commitment				
Exposures to non-QCCPs (total)				
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which				
(i) OTC Derivatives				
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse transactions, credit securities transactions and securities or commodities lending or borrowing				
(iv) Netting sets where cross-product has been approved				
Segregated initial margin				
Non-segregated initial margin				
Pre-funded default fund contributions				
Unfunded default fund contributions				

e. Explanations on securitisations:

None.

f. Explanations on Market Risk:

f.1. Qualitative information disclosed to the public regarding Market Risk

Market risk is defined as the risk that may reduce the market value of the trading portfolio due to the changes in the risk factors named interest rate, exchange rates, equities and the price of commodities and options.

The procedures for the management of market risk are discussed in the Parent Bank's "Asset and Liability Management Risk Policy" and those procedures are in line with the risk/return expectations and with the limits that are defined in the risk appetite framework. Limits related to market risk; are established by the Board and are revised periodically in order to reflect market conditions and best practices in the industry. Compliance to those limits is closely monitored by the Risk Management Department, Asset and Liability Management Committee and by the executive departments. Additionally, compliance with the provisions relating to the procedures and policies of market risk management is audited by the internal audit system.

Trading activities of the securities that are included in the calculation of market risk is carried out by taking the Asset-Liability Committee decisions, risk policies and established limits into consideration and risks arising due to these activities are hedged using derivatives transactions where necessary.

Measurement of market risk, reporting of results, and monitoring compliance with the risk limits are among the key responsibilities of the Risk Management Department. Analyses related to market risk are reported to the Risk Committee and to the Board via the Audit Committee by the Risk Management Department.

The trading book of the Parent Bank included in market risk calculations consists of on balance-sheet financial assets that are held for trading intent, derivatives that provide hedge to those instruments and foreign currency positions. The market risk carried by the Group is measured and monitored using methods known respectively as the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall in accordance with the local regulations which are established in compliance with the international legislations. In this context, the exchange rate risk emerges as the most important component of the market risk.

The market risk calculations using the Standard Method are performed at the end of each month and the measurement results are included in the statutory reports as well as being reported to the Bank's top management.

The Value at Risk Model and Expected Shortfall is another alternative for the Standard Method used for measuring and monitoring market risk. This model is used to measure the market risk on a daily basis in terms of interest rate risk, currency risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR model, which is used to estimate the maximum possible loss for the following day.

Scenario analyses which support the VAR model used to measure the losses that may occur in the ordinary market conditions are practiced, and the possible impacts of scenarios that are developed based on the future predictions and the past crises, on the value of the Bank's portfolio are determined and the results are reported to the Bank's top management.



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f.2. Standardised Approach

	RWA	
	Current Period	Prior Period
Outright Products	21,625,301	17,364,027
Interest rate risk (general and specific)	4,991,613	3,902,163
Equity risk (general and specific)	1,222,400	3,844,363
Foreign exchange risk	12,624,138	9,416,413
Commodity risk	2,787,150	201,088
Options	1,049,024	131,698
Simplified approach		
Delta-plus method	1,049,024	131,698
Scenario approach		
Securitisations		
Total	22,674,325	17,495,725

g. Explanations on Operational Risk

The operational risk capital requirement is calculated according to “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” article number 24, is measured using the Basic Indicator Approach once a year in parallel with domestic regulations. As of December 31, 2021 the consolidated operational risk amount is TL 51,469,094 information about the calculation is given below (December 31, 2020: TL 41,095,093).

Current Period	2PP Amount	1PP Amount	CP Amount	Total/Positive Years of Gross Income Amount	Rate (%)	Total
Gross Income	22,312,078	24,912,326	35,126,147	3	15	4,117,528
Value at operational risk (Total*12.5)						51,469,094

Current Period	2PP Amount	1PP Amount	CP Amount	Total/Positive Years of Gross Income Amount	Rate (%)	Total
Gross Income	18,527,745	22,312,078	24,912,326	3	15	3,287,607
Value at operational risk (Total*12.5)						41,095,093

h. The interest rate risk of the banking book items:

Interest rate risk arising from the banking accounts is defined as negative effect risk on capital of the changes in market interest rates due to differences in interest settlement and re-pricing on, differences in interest-earning assets taking part in the banking book; interest-bearing liabilities; interest-bearing derivative transactions inclusive of the policies established by the Board of Directors, is managed within the framework of the strategies set by the Parent Bank Asset-Liability Committee. Compliance with internal risk limits for banking portfolio is closely and continuously monitored by the Risk Management Department and Asset-Liability Committee and the measurement results are reported to the Board of Directors on a monthly basis.

Duration and sensitivity analysis are conducted on a monthly basis by the Bank in the scope of monitoring of interest rate risk arising from the banking books about Interest Rate Risk in the Banking Accounts from the Regulation on Measurement and Assessment of Standard Shock Method which is published in the Official Gazette No. 28034 dated August 23, 2011. In the duration analysis, the maturity gap between assets and liabilities of the balance sheet are determined by the calculation of the weighted average maturities based on the asset that sensitive to interest rate and liabilities and off-balance sheet transactions re-pricing period. In the interest rate risk sensitivity analysis, the influence of the various interest rate change scenarios to the economic value of the Bank's capital is examined.

In the calculations made within the framework of the said regulation, behavioral maturity modeling is performed for demand deposits with low sensitivity to interest changes and whose original maturity is longer than the contractual maturity. In these studies, which are defined as core deposit analysis, based on historical data, calculations are made for what amount of demand deposits will remain within the bank for what maturity, and these analyzes are used as an input in quantifying the interest rate risk arising from banking accounts in a way that does not contradict legal provisions.

Currency	Applied Shock (+/- x basis point)	Gains Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
TL	(+) 500	(7,658,934)	(6.79)%
TL	(-) 400	7,003,704	6.21%
EUR	(+) 200	709,875	0.63%
EUR	(-) 200	48,870	0.04%
USD	(+) 200	(1,201,907)	(1.07)%
USD	(-) 200	2,876,981	2.55%
Total (for Negative Shocks)		9,929,555	8.80%
Total (for Positive Shocks)		(8,150,966)	(7.23)%

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i. Remuneration policy

The Remuneration Committee, which is established to carry out the duties and activities related to the monitoring and supervision of the Bank's remuneration applications on behalf of the Board of Directors, consists of two members. The Remuneration Committee meets at least twice a year, not exceeding six months, and reports to the Board of Directors on the results of the activities carried out and important matters considered to have an impact on the Bank's position. As of the end of 2021, the Remuneration Committee met 7 times and made a total of 10 decisions.

Regarding compliance with the Corporate Governance Principles, the Remuneration Committee monitors and supervises the practices related to wage management on behalf of the Board of Directors; the fees are in line with the Bank's ethical values, internal balances and strategic objectives; the evaluation of the remuneration policy and its practices in the context of risk management; it is responsible for the presentation of the proposals determined in line with the requirements of the salary policy and the other responsibilities determined by the provisions of the applicable legislation and the fulfillment of the duties given by the Board of Directors in this framework.

As of the end of 2021, the number of qualified employees working at the Bank is 27.

The monetary and social rights of employees are determined in accordance with the Chartering Policy in the framework of the legislation related to the Collective Labor Agreement. The Bank carries out its practices with regard to remuneration policies within the framework of relevant banking and capital market legislation. This policy includes all managers and employees.

Premium payments are made once a year to managers and managers who work in branches and headquarters units. It is considered that managerial premium payments are in line with the Bank's long-term strategy and the risks assumed, as well as the performance of its employees. There are no variable fees for qualified employees in the Bank.

The compliance of the wage levels in the bank with the sector wage levels is monitored by participating in independent and anonymous wage surveys, which are held twice a year.

Within the scope of the remuneration policy, the Bank's pricing practices are planned and executed on the basis of effective risk management, prevention of excessive risk taking, compliance with relevant legislation and scope and structure of the bank's activities, strategies, long-term objectives and risk management structures.

The fees to be paid to the managers and employees of the Bank at every stage; It is essential that the Bank is in line with its ethical values, internal balances and strategic objectives, and that it is not only associated with its short-term performance.

Payments made to employees are determined in a manner that will positively impact the Bank's corporate values and on the basis of objective conditions.

Payments to be made to the managers of the units within the internal systems and to their staff are determined by taking into account the performance of the relevant personnel in relation to their functions, as they are in the audit or oversight, or are independent of the performance of the activity unit they control.

XII. Explanations on Segment Reporting

The Group's activities are classified under corporate/commercial banking, retail/private banking, treasury operations and investment activities, insurance and reinsurance activities and others.

Services to the large corporations, SMEs and other trading companies are provided through various financial instruments within the scope of the corporate and commercial operations. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantee, letter of credit, forfeiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided to the aforementioned customer segments.

Retail banking services include deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, and investment accounts and other banking services for individuals. All kinds of financing and cash management services provided to individuals in the high-income level are recognized as Private Banking activities.

Treasury transactions are comprised of medium and long-term funding tools such as securities trading, money market transactions, spot and forward TL and foreign currency trading, and derivative transactions such as forwards, swaps, futures and options, as well as syndications and securitizations. Investment activities of intermediary institutions and venture capital and real estate investment partnerships are also classified in this area. Investments of subsidiaries who operate in the real sector, investments of associates who operate both in financial and real sector and investments of jointly controlled entities that are presented in the consolidated financial statements are evaluated within the scope of investment activities.

Insurance and reinsurance activities include individual pension, life/non-life insurance transactions and reinsurance transactions.

The Group's financial leasing, factoring, asset management, portfolio management and payment service activities are classified under the 'Other' heading.

Information about The Group's segments are presented below.



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Current Period	Corporate / Commercial Banking	Individual / Private Banking	Treasury Transaction/ Investment Activities	Insurance and Reinsurance Activities	Other/ Unallocated	Total
Interest Income	35,382,354	12,353,944	19,913,033		1,799,856	69,449,187
Interest Expense	6,667,695	10,642,224	13,683,018	21	1,537,406	32,530,364
Fees and Commissions Income	6,236,181	2,709,306	837,356	95,798	612,123	10,490,764
Fees and Commissions Expense	13,499		103,959	1,514,562	2,166,889	3,798,909
Dividend Income			68,548			68,548
Trading Income/Loss (Net)			703,452			703,452
Other Income	2,633,690	307,201	1,121,310	11,010,299	1,811,190	16,883,690
Expected Credit Loss and Other Provision Expenses	7,091,015	688,195	73,446	137,851	8,819,983	16,810,490
Other Operating Expense	2,543,719	6,078,683	677,308	12,703,259	8,378,440	30,381,409
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			4,874,850			4,874,850
Income Before Tax						18,949,319
Tax Provision						3,389,061
Net Period Profit						15,560,258
Group Profit/Loss						13,541,060
Minority Interest Profit/Loss						2,019,198
Total Assets	469,775,712	99,696,826	276,497,395	50,825,252	227,608,888	1,124,404,073
Total Liabilities	305,769,418	338,253,903	247,862,699	72,750,401	159,767,652	1,124,404,073

Prior Period	Corporate / Commercial Banking	Individual / Private Banking	Treasury Transaction/ Investment Activities	Insurance and Reinsurance Activities	Other/ Unallocated	Total
Interest Income	25,677,637	8,592,126	12,424,000		1,267,214	47,960,977
Interest Expense	4,178,058	5,402,127	7,836,465	385	1,481,227	18,898,262
Fees and Commissions Income	4,156,208	2,281,149	716,455	71,833	155,836	7,381,481
Fees and Commissions Expense	10,612	85	71,502	1,208,916	1,208,916	2,462,068
Dividend Income			31,057			31,057
Trading Income/Loss (Net)			(1,206,769)			(1,206,769)
Other Income	1,517,338	245,951	350,854	9,014,735	605,051	11,733,929
Expected Credit Loss and Other Provision Expenses	7,515,789	534,157	74,924	105,839	5,919,331	14,150,040
Other Operating Expense	2,058,802	4,914,808	564,288	8,059,214	5,582,046	21,179,158
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			1,455,956			1,455,956
Income Before Tax						10,667,103
Tax Provision						2,915,351
Net Period Profit						7,751,752
Group Profit/Loss						6,655,442
Minority Interest Profit/Loss						1,096,310
Total Assets	315,988,780	78,552,996	185,117,467	35,704,002	105,426,307	718,152,263
Total Liabilities	176,196,685	221,704,133	156,650,726	51,755,859	111,844,860	718,152,263

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Section Five: Disclosures and Footnotes on the Consolidated Financial Statements

I. Disclosures and Footnotes on Consolidated Assets

a. Cash and Central Bank of the Republic of Turkey:

a.1. Information on Cash and Balances with the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	2,627,722	12,234,865	2,486,752	6,650,065
Central Bank of the Republic of Turkey	14,667,660	154,122,778	3,079,305	59,386,999
Other		368,200		367,269
Total	17,295,382	166,725,843	5,566,057	66,404,333

a.2. Information on Balances with the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	14,667,660	66,691,645	3,079,305	19,987,701
Unrestricted Time Deposit				
Restricted Time Deposit				
Other (1)		87,431,133		39,399,298
Total	14,667,660	154,122,778	3,079,305	59,386,999

(1) The amount of reserve deposits held at the Central Bank of the Republic of Turkey.

a.3. Explanations on reserve requirement application:

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Turkey (“CBRT”), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between 1% - 6% for TL deposits and other liabilities, between 13% - 22% for FC deposits and between 5% - 21% for other FC liabilities. Reserves are calculated and set aside every two weeks on Friday for 14-day periods. Interest is paid for required reserves which are in TL in accordance with the procedures and principles determined by the CBRT.

According to the Communiqué on Required Reserves published in the Official Gazette dated 01.07.2021 and numbered 31528, the possibility of establishing Turkish lira required reserves in foreign currency was terminated as of 01.10.2021.

Within the scope of the "Communique on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, the conversion rate from USD, EUR and GBP denominated foreign currency deposit accounts and foreign exchange denominated participation fund accounts to time TL deposit and participation accounts was 10% as of the obligation date of 15.04.2022. and banks that reached 20% as of 08.07.2022 liability date, it has been decided not to apply an annual commission of 1.5% over the portion up to the amount to be kept for their liabilities until the end of 2022.

b. Information on Financial Assets at Fair Value through Profit and Loss:

b.1. Financial assets at fair value through profit and loss, which are given as collateral or blocked: Financial assets at fair value through profit and loss, which are given as collateral or blocked as of 31 December 2021, amount to TL 5,872,223 (December 31, 2020: 772,176 TL).

b.2. Financial assets at fair value through profit and loss, which are subject to repurchase agreements: Financial assets at fair value through profit and loss, which are subject to repurchase agreements as of 31 December 2021, amount to TL 164,956 (December 31, 2020: TL 61,909).

b.3. All creditors including the Group reached an agreement on restructuring the loans granted to a company. As previously stated, loans of the company had been planning to be restructured based on required permits and necessary approvals within a new special purpose entity which was already incorporated or will be incorporated in the Republic of Turkey and owned by the creditors either directly or indirectly through takeover of the shares, that have been pledged by the company as a guarantee for the credit risk. Above mentioned process was completed in 2018 and, in this context the Bank owns 11.5972% and Türkiye Sınai Kalkınma Bankası A.Ş., a group company, owns 1.6172% of the newly formed special purpose entity.

At the Ordinary Meeting of the General Assembly of 2018 held in the year of 2019, it has been decided to increase the share capital of the mentioned company by TL 3,982,230, all to be covered by common receivables. Whereas the Bank's and Türkiye Sınai Kalkınma Bankası A.Ş.' ownership ratio in company share have not changed, the nominal value of the shares owned increased from TL 6 to TL 461,833 and from TL 1 to TL 64,403 respectively. Related amount is recognized under Assets Held for Sale and Discontinued Operations account.

This remaining loan amount after the capital increase of the mentioned company amounting to TL 2,149,813 (31.12.2020: TL 2,149,813) is accounted under financial assets at fair value through profit or loss. The amount of impairment recognized for the total asset converted into loan and capital is TL 3,868,608 and is classified under the specified item.

Assets, which are converted into loan and capital, amounted TL 2,676,049 are measured at fair value under TFRS 9 “Financial Instruments” standard and TFRS 5 “Assets Held For Sale and Discontinued Operations” Standard. Balance of related asset is followed in financial statements as Stage 3 within the scope of “TFRS 13 – Fair Value Measurement” standard.

The Bank re-evaluated the fair value of the relevant financial asset as of the end of the period, and did not make any changes to the current value monitored during the period.If the growth rate and risk-free return rate on investment used in the discounted cash flow method used in valuation are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 63 million (full TL amount) or will decrease by TL 56 million (full TL amount).

Although the process is ongoing as of the date of the report, as announced on the Public Disclosure Platform on 17.12.2021, negotiations have been started for the sale of these shares to the Turkish Wealth Fund.

b.4. TL 1,302,654 of other financial assets consists of the mutual funds; Quasar İstanbul Konut Gayrimenkul and Quasar İstanbul Ticari Gayrimenkul which were founded by İş Portföy Yönetimi A.Ş.



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c. Positive differences on derivative financial assets held for trading:

Derivative Financial Assets at Fair Value through Profit or Loss (¹)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	329,876	1,746,980	233,145	463,125
Swap Transactions	168,837	20,505,483	123,089	5,445,588
Futures				
Options	255,887	456,389	6,678	85,245
Other		1,030,470		90,560
Total	754,600	23,739,322	362,912	6,084,518

(¹) Includes information related to derivative financial assets held for trading in derivative financial assets. Information on derivative financial assets for hedging purposes is disclosed in Section Five footnote I.1.

d. Banks Account

d.1. Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	2,806,065	1,476,997	2,618,265	1,613,288
Foreign Banks	168,413	30,743,767	197,388	17,920,692
Foreign Head Office and Branches				
Total	2,974,478	32,220,764	2,815,653	19,533,980

d.2. Information on foreign banks:

	Current Period		Prior Period	
	Unrestricted Amount	Resticted Amount	Unrestricted Amount	Resticted Amount
EU Countries	11,894,315	2,569,797	7,902,000	1,435,709
USA, Canada	4,947,320	10,603	3,272,983	73,252
OECD Countries (1)	4,458,406	1,732,114	2,011,931	1,128,328
Off-shore Banking Regions				
Other	3,914,543	1,385,082	1,688,333	605,544
Total	25,214,584	5,697,596	14,875,247	3,242,833

(¹) OECD countries other than the EU countries, USA and Canada.

Expected credit loss for cash and cash equivalents:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	50,476			51,910		
Additional provisions within the period	52,272			42,828		
Transfers within the period	(29,196)			(37,179)		
Write-offs from Assets						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Currency Exchange Difference	12,186			(7,083)		
Provisions at the end of the period	85,738			50,476		

e. Information on Financial Assets at Fair Value through Other Comprehensive Income:

e.1. Information on financial assets at fair value through other comprehensive income, which are given as collateral or blocked:

Financial assets at fair value through other comprehensive income, which are given as collateral or blocked, amount to TL 30,366,014 as of 31 December 2021 (December 31, 2020: TL 22,460,070).

e.2. Information on financial assets at fair value through other comprehensive income, which are subject to repurchase agreements:

Financial assets at fair value through other comprehensive income which are subject to repurchase agreements amount to TL 34,943,986 as of 31 December 2021 (December 31, 2020: TL 19,425,159).

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e.3. Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securities	113,649,539	76,939,749
Quoted on a Stock Exchange	59,680,425	49,959,610
Not-Quoted (1)	53,969,114	26,980,139
Share Certificates	940,712	562,074
Quoted on a Stock Exchange	114,336	56,322
Not-Quoted	826,376	505,752
Provision for Impairment Losses (-)	5,382,509	682,184
Other	735,917	1,007,631
Total	109,943,659	77,827,270

(¹) Refers to the debt securities, which are not quoted on the Stock Exchange or which are not traded, while quoted, on the Stock Exchange at the end of the related period.

f. Information related to loans:

Leasing and factoring receivables are considered as loans in the footnotes of this section.

f.1. Information on all types of loans and advances given to shareholders and employees of the group:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Lending to Shareholders				
Corporate Shareholders				
Individual Shareholders				
Indirect Lending to Shareholders				
Loans and Other Receivables to Employees	359,600	1,404	301,478	1,142
Total	359,600	1,404	301,478	1,142

f.2. Information about the Standard Loans and Loans Under Close Monitoring and Loans Under Close Monitoring that have been restructured:

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinanced
Non-specialized loans	521,617,384	30,625,515	18,196,059	19,858,670
Corporation Loans	195,087,770	16,690,833	10,637,086	11,741,124
Export Loans	47,039,026	1,106,168	8,145	310,623
Import Loans				
Loans Extended to Financial Sector	22,251,994	1,788		
Consumer Loans	78,342,143	5,885,995	2,823	1,460,001
Credit Cards	34,575,102	1,390,622	815,722	
Other	144,321,349	5,550,109	6,732,283	6,346,922
Specialized Loans				
Other Receivables				
Total	521,617,384	30,625,515	18,196,059	19,858,670

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	4,191,349		3,094,850	
Significant Increase in Credit Risk		12,735,339		8,564,927

According to TFRS 9, the expected loss provisions calculated for the stage 1 and stage 2 loans have generally changed in parallel with the related loan balances.



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f.3. Information on Maturity analysis of cash loans:

Cash Credit	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Refinanced
Short-term Loans	149,780,498	4,419,459	1,686,946
Medium and Long-term Loans	371,836,886	26,206,056	36,367,783

f.4. Information on consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Consumer Loans-TL	2,898,136	77,925,583	1,437,351	82,261,070
Real Estate Loans	30,822	23,971,198	278,409	24,280,429
Vehicle Loans	25,242	1,188,360	14,555	1,228,157
General Purpose Consumer Loans	2,842,072	52,766,025	1,144,387	56,752,484
Other				
Consumer Loans – FC Indexed		2,821	27,147	29,968
Real Estate Loans		2,821	27,147	29,968
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Consumer Loans – FC	1,620	324,852	539	327,011
Real Estate Loans	269	11,410	78	11,757
Vehicle Loans				
General Purpose Consumer Loans	1,351	313,442	461	315,254
Other				
Retail Credit Cards-TL	23,016,151	1,106,106	141,196	24,263,453
With Installments	8,244,933	1,106,106		9,351,039
Without Installments	14,771,218		141,196	14,912,414
Retail Credit Cards-FC	28,094			28,094
With Installments				
Without Installments	28,094			28,094
Personnel Loans-TL	28,718	148,266	2,692	179,676
Real Estate Loans		3,929	29	3,958
Vehicle Loans		573	5	578
General Purpose Consumer Loans	28,718	143,764	2,658	175,140
Other				
Personnel Loans- FC Indexed				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Personnel Loans-FC	646	3,806	35	4,487
Real Estate Loans		28		28
Vehicle Loans				
General Purpose Consumer Loans	646	3,778	35	4,459
Other				
Personnel Credit Cards-TL	153,787	2,833	277	156,897
With Installments	58,894	2,833		61,727
Without Installments	94,893		277	95,170
Personnel Credit Cards-FC	282			282
With Installments				
Without Installments	282			282
Overdraft Accounts – TL (real persons)	2,726,338		42,552	2,768,890
Overdraft Accounts – FC (real persons)	119,860			119,860
Total	28,973,632	79,514,267	1,651,789	110,139,688

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f.5. Information on commercial installments loans and corporate credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Commercial Loans with Installments-TL	3,960,174	60,662,469	1,042,381	65,665,024
Real Estate Loans	16,413	2,723,188	21,132	2,760,733
Vehicle Loans	375,936	11,025,339	82,943	11,484,218
General Purpose Commercial Loans	3,567,825	46,913,942	938,306	51,420,073
Other				
Commercial Loans with Installments-FC Indexed		163,505	446,975	610,480
Real Estate Loans		5,504	13,843	19,347
Vehicle Loans		3,012	6,511	9,523
General Purpose Commercial Loans		154,989	426,621	581,610
Other				
Commercial Loans with Installments-FC	478,320	10,461,253	66,091	11,005,664
Real Estate Loans				
Vehicle Loans				
General Purpose Commercial Loans	102,899	9,865,891	59,993	10,028,783
Other	375,421	595,362	6,098	976,881
Corporate Credit Cards-TL	12,097,914	193,250	34,846	12,326,010
With Installments	5,573,496	193,242		5,766,738
Without Installments	6,524,418	8	34,846	6,559,272
Corporate Credit Cards-FC	6,710			6,710
With Installments				
Without Installments	6,710			6,710
Overdraft Accounts – TL (corporate)	1,565,680		29,242	1,594,922
Overdraft Accounts – FC (corporate)				
Total	18,108,798	71,480,477	1,619,535	91,208,810

f.6. Distribution of credits according to users:

	Current Period	Prior Period
Public	7,291,579	5,495,644
Private	583,006,049	398,439,226
Total	590,297,628	403,934,870

f.7. Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	563,177,007	388,029,854
Foreign Loans	27,120,621	15,905,016
Total	590,297,628	403,934,870

f.8. Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	2,402,860	2,857,404
Indirect Loans Granted to Subsidiaries and Associates		
Total	2,402,860	2,857,404

f.9. Information on impairment provisions of Loans (Stage 3):

	Current Period	Prior Period
Loans with Limited Collectability	1,231,704	436,240
Loans with Doubtful Collectability	1,762,150	1,609,932
Uncollectible Loans	12,904,750	12,325,717
Total	15,898,604	14,371,889

f.10. Information on non-performing loans (Net):

f.10.1. Information on non-performing loans, which are restructured by the Group:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period			
(Gross amounts before the provisions)	456,906	1,319,183	3,847,880
Restructured Loans	456,906	1,319,183	3,847,880
Prior Period			
(Gross amounts before the provisions)	132,313	878,142	1,698,715
Restructured Loans	132,313	878,142	1,698,715



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f.10.2. Information on the movement of total non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Prior Period Ending Balance	823,375	3,775,159	18,546,312
Corporate and Commercial Loans	816,356	3,473,881	16,554,959
Retail Loans	6,964	207,533	1,046,889
Credit Cards	55	93,745	815,995
Other			128,469
Additions (+)	2,692,791	3,751,690	354,552
Corporate and Commercial Loans	1,803,921	3,070,330	314,960
Retail Loans	574,499	424,879	19,769
Credit Cards	312,422	256,418	9,543
Other	1,949	63	10,280
Transfers from Other NPL Categories (+)		548,739	4,818,995
Corporate and Commercial Loans		364,612	4,376,398
Retail Loans		139,215	308,531
Credit Cards		42,963	132,054
Other		1,949	2,012
Transfers to Other NPL Categories (-)	861,272	4,506,462	
Corporate and Commercial Loans	677,145	4,063,865	
Retail Loans	139,215	308,531	
Credit Cards	42,963	132,054	
Other	1,949	2,012	
Collections (-)	311,251	615,494	3,988,597
Corporate and Commercial Loans	164,571	343,529	3,546,078
Retail Loans	87,173	172,168	290,281
Credit Cards	59,507	99,797	139,232
Other			13,006
Write-Offs (-) (1)	2,631	1,120	921,239
Corporate and Commercial Loans	24	908	919,318
Retail Loans	2,603	179	752
Credit Cards	4	33	1,159
Other			10
Debt Sale (-)		12	1,096,887
Corporate and Commercial Loans			356,687
Retail Loans			356,762
Credit Cards		12	381,081
Other			2,357
Currency Exchange Effect	13,549	564,644	860,251
Corporate and Commercial Loans	9,677	563,599	838,983
Retail Loans	3,872	1,045	21,176
Credit Cards			
Other			92
Current Period Ending Balance	2,354,561	3,517,144	18,573,387
Corporate and Commercial Loans	1,788,214	3,064,120	17,263,217
Retail Loans	356,344	291,794	748,570
Credit Cards	210,003	161,230	436,120
Other			125,480
Specific Provisions (-)	1,231,704	1,762,150	12,904,750
Corporate and Commercial Loans	912,447	1,492,825	11,771,588
Retail Loans	195,659	169,244	626,530
Credit Cards	123,598	100,081	391,777
Other			114,855
Net Balance on Balance Sheet	1,122,857	1,754,994	5,668,637

⁽¹⁾ As part of the amendment to the "Regulation on Procedures and Principles on the Classification of Loans and Provisions to be Set Aside for Them" published in the Official Gazette No. 30961, receivables amounting to TL 867,724 were deducted from the register

⁽²⁾ In the current period, the part of the receivables constitute non-performing loans amounting to TL 745,486 are transferred to Emir Varlık Yönetim A.Ş., İstanbul Varlık Yönetim A.Ş., Gelecek Varlık Yönetim A.Ş., Hedef Varlık Yönetim A.Ş. and Arsan Varlık Yönetim A.Ş. by collecting TL 71,850 of sales amount in cash.The part of the receivables constitute non-performing loans amounting to TL 315,413 are transferred to İstanbul Varlık Yönetim A.Ş. and Gelecek Varlık Yönetim A.Ş. by collecting TL 53,300 of sales amount in cash

⁽³⁾ After the sale of non-performing loans and the write-off, the consolidated non-performing loan ratio decreased from 4.28% to 3.98% as of 31.12.2021.

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f.10.3. Information on foreign currency non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period			
Balance at the End of the Period	931,130	2,390,456	11,033,205
Provisions (-)	447,079	1,141,904	6,923,386
Net Balance on Balance Sheet (1)	484,051	1,248,552	4,109,819
Prior Period			
Balance at the End of the Period	137,815	2,438,551	9,363,546
Provisions (-)	71,759	912,785	5,286,740
Net Balance on Balance Sheet (1)	66,056	1,525,766	4,076,806

⁽¹⁾ In addition to the loans extended in foreign currency, loans which are monitored in Turkish Lira are included.

f.10.4. Information on gross and net non-performing loans as per customer categories:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	1,122,857	1,754,994	5,668,637
Loans to Individuals and Corporate (Gross)	2,354,561	3,517,144	18,447,907
Provisions (-)	1,231,704	1,762,150	12,789,895
Loans to Individuals and Corporate (Net)	1,122,857	1,754,994	5,658,012
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			
Provisions (-)			
Other Loans (Net)			
Prior Period (Net)	387,135	2,165,227	6,220,595
Loans to Individuals and Corporate (Gross)	823,375	3,775,159	18,417,843
Provisions (-)	436,240	1,609,932	12,213,995
Loans to Individuals and Corporate (Net)	387,135	2,165,227	6,203,848
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			128,469
Provisions (-)			111,722
Other Loans (Net)			16,747

f.10.5. Information on interest accruals, valuation differences and related provisions calculated for non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	107,756	424,694	392,732
Interest accruals and valuation differences	210,639	841,748	1,473,886
Provisions (-)	102,883	417,054	1,081,154
Prior Period (Net)	(877)	268,363	522,878
Interest accruals and valuation differences	(4,336)	474,869	1,512,493
Provisions (-)	(3,459)	206,506	989,615



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f.10.6. Outline of the liquidation policy for uncollectible loans and other receivables

In order to ensure the liquidation of non-performing loans, all possibilities evaluated to ensure maximum collection according to the legislation. First of all, administrative initiatives are taken to deal with the borrower. Collection through legal proceedings used if there is no possibility of collection and configuration with the interviews for other receivables.

Our receivables that cannot be collected through administrative and legal initiatives can be written off from the assets within the framework of portfolio-based receivables sales or write-offs, by fulfilling the requirements of the Tax Procedure Law.

f.10.7. Explanations on write-off policy:

Receivables classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no result is obtained, through legal means. In this context, if our uncollected receivables are deleted from assets, one of the methods of destruction, receivable sale and deregistration can be applied.

In the Bank's write-off policy within the framework following the amendment made in Article 53 of the Banking Law with the Law on Income Tax and amending Certain Laws No. 19.07.2019/7186, along with the "Classification of Loans and the Procedures and Principles for the Reserves to be Allocated for Them" published in the Official Gazette No. 27.11.2019 / 30961,the following statements are issued:

- The portion of the receivables, which are monitored under the Fifth Group-Loss Loans and allocated for lifetime expected loan loss due to the default of the debtor, can be deducted from the record, to the extent of the maximum provision amount,
- Write-off is an accounting practice and does not result in the waiver of the receivable,
- the receivables to be deducted from the record must be monitored as non-performing loans for at least 1 year.

The Bank's general policy for write-offs of receivables under follow-up is to write of such receivables that are proven to be uncollectible in legal follow-up process within the instructions of Tax Procedure Law.

Expected Credit Loss:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	3,094,850	8,564,927	14,371,889	1,710,047	4,103,792	11,291,709
Additional provisions within the period	3,744,299	6,839,036	4,134,573	3,206,632	6,435,669	4,017,116
Transfers within the period	(2,855,083)	-2,394,649	(2,249,174)	(1,910,463)	(1,586,260)	(1,570,849)
Write-offs from Assets			(2,013,743)			(89,532)
Transfer to Stage 1	506,839	(498,512)	(8,327)	85,965	(77,813)	(8,152)
Transfer to Stage 2	(647,781)	774,317	(126,536)	(141,136)	151,472	(10,336)
Transfer to Stage 3	(26,272)	(1,334,981)	1,361,253	(8,658)	(623,623)	632,281
Currency Exchange Difference	374,497	785,201	428,669	152,463	161,690	109,652
Provisions at the end of the period	4,191,349	12,735,339	15,898,604	3,094,850	8,564,927	14,371,889

g. Financial Assets Measured at Amortized Cost:

g.1. Financial Assets Measured at Amortized Cost given as collateral or blocked:

Financial assets measured at Amortized cost given as collateral or blocked amount to TL 11,735,769 as at December 31, 2021 (December 31, 2020: TL 9,741,594).

g.2. Financial Assets Measured at Amortized Cost subject to repurchase agreements:

Financial assets measured at Amortized cost, which are subject to repurchase agreements amount to TL 17,843,004 at December 31, 2021 (December 31, 2020: TL 7,024,998).

g.3. Information on government securities measured at Amortized cost:

	Current Period	Prior Period
Government Bonds	47,975,957	43,854,204
Treasury Bills		
Other Public Debt Securities		
Total	47,975,957	43,854,204

g.4. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt Securities	51,545,328	45,604,603
Quoted on a Stock Exchange	48,798,039	43,828,009
Not Quoted (1)	2,747,289	1,776,594
Impairment Losses (-)		
Total	51,545,328	45,604,603

⁽¹⁾ Indicates unlisted debt securities, and debt securities that have not been traded at the end of the related periods while they are listed.

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g.5. Movement of financial assets measured at amortized cost within the year:

	Current Period	Prior Period
Beginning Balance	45,604,603	33,639,301
Foreign Exchange Differences Arising on Monetary Assets	3,677,166	1,477,592
Purchases During the Year	16,224,952	16,459,781
Disposals through Sales and Redemption	(16,481,168)	(7,309,408)
Impairment Losses (-)		
Valuation Effect	2,519,775	1,337,337
Balance at the End of the Period	51,545,328	45,604,603

Expected credit loss for financial assets measured at amortized cost:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	17,755			11,748		
Additional provisions within the period	21,565			12,654		
Transfers within the period	(11,283)			(6,822)		
Write-offs from Assets						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Currency Exchange Difference	957			175		
Provisions at the end of the period	28,994			17,755		

h. Information on Associates (Net):

As per the "Communiqué on Preparation of Consolidated Financial Statements of Banks", credit institutions or financial institutions associates are included in the scope of consolidated financial statements. Within this context, credit institutions and financial associates are accounted in the consolidated financial statements according to TAS 28 - Investments in Associates and Joint Ventures".

h.1. Information on credit institution or financial institution associates that are not accounted by the equity method: None.

h.2. Information on credit institution or financial institution associates that are accounted by the equity method:

Title	Address (City/ Country)	Bank's Share Percentage-If Different. Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
Arap Türk Bankası A.Ş.	Istanbul/Turkey	20.58	79.42

Information on financial statements of associates in the above order:

Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income ⁽¹⁾	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
10,205,582	1,361,769	223,069	432,044	41	163,288	100,781	

⁽¹⁾ Includes interest income on securities.

g.3. Movement of investments in consolidated associates ⁽¹⁾:

	Current Period	Prior Period
Beginning Balance	242,174	220,768
Movements during the period		
Purchases		
Bonus shares acquired		
Dividends received from the current year profit		
Sales		
Revaluation Increase (2)	38,022	21,406
Impairment		
Balance at the end of the period	280,196	242,174
Capital commitments		
Contribution in equity at the end of the period (%)		

⁽¹⁾ Includes the information related to associate which is a credit institution in which the Bank has direct shares.

⁽²⁾ Includes the equity method accounting differences.



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h.4. Sectoral information on consolidated associates and the related carrying amounts ⁽¹⁾:

	Current Period	Prior Period
Banks	280,196	242,174
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations		
Total	280,196	242,174

⁽¹⁾ Includes the information related to associate which is a credit institution in which the Bank has direct shares.

h.5. Consolidated associates traded on a stock exchange: None.

h.6. Consolidated associates disposed of in the current period: None.

h.7. Consolidated associates acquired in the current period: None.

h.8. Other issues related to associates:

The accounting method for non-financial subsidiaries, associates and jointly controlled associates is changed in accordance with TAS 27 "Individual Financial Statements" to the equity method introduced in TAS 28. The effects of these changes are given in Section Three III.2 numbered footnotes in detail.

i. Information on subsidiaries (Net):

As per the "Communiqué on Preparation of Consolidated Financial Statements of Banks", the Bank includes credit institutions or financial institutions subsidiaries in the scope of consolidated financial statements.

i.1. Information on the equity of major subsidiaries:

	Türkiye Sınai Kalkınma Bankası A.Ş.	Insurance / Reinsurance Companies	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Finansal Kiralama A.Ş.	İş Yatırım Menkul Değerler A.Ş.
COMMON EQUITY TIER I CAPITAL					
Common Equity Tier I Capital Before Deductions	7,354,514	8,074,495	5,476,126	1,999,205	2,768,792
Deductions from Common Equity Tier I Capital (-)	173,692	275,067	1,713	9,294	102,178
Total Common Equity Tier I Capital	7,180,822	7,799,428	5,474,413	1,989,911	2,666,614
ADDITIONAL TIER I CAPITAL					
Additional Tier I Capital before Deductions					
Deductions from Additional Tier I Capital (-)					
Total Capital	7,180,822	7,799,428	5,474,413	1,989,911	2,666,614
TIER II CAPITAL					
Tier II Capital Before Deductions	4,585,272				
Deduction from Tier II Capital (-)					
Total Additional Tier II Capital	4,585,272				
Total Capital and Tier II Capital	11,766,094	7,799,428	5,474,413	1,989,911	2,666,614
Deductions from Total Capital and Additional Tier I Capital (-)					
CAPITAL	11,766,094	7,799,428	5,474,413	1,989,911	2,666,614

i.2. Information on unconsolidated subsidiaries: None.

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i.3. Information on consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's Share Percentage-If Different. Voting Rights (%) (1)	Bank's Risk Group Share Percentage (%)
1-	Anadolu Anonim Türk Sigorta Şirketi	İstanbul/Türkiye	50.21	49.79
2-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/Türkiye	74.81	25.19
3-	Efes Varlık Yönetim A.Ş.	İstanbul/Türkiye	66.28	33.72
4-	İş Faktoring A.Ş.	İstanbul/Türkiye	46.43	53.57
5-	İş Finansal Kiralama A.Ş.	İstanbul/Türkiye	45.33	54.67
6-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	60.79	39.21
7-	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	35.37	64.63
8-	İş Portföy Yönetimi A.Ş.	İstanbul/Türkiye	67.47	32.53
9-	İş Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	67.98	32.02
10-	İş Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	24.97	75.03
11-	İşbank AG	Frankfurt/Almanya	100.00	0.00
12-	JSC İşbank	Moskova/Rusya	100.00	0.00
13-	JSC Isbank Georgia	Tiflis/Gürcistan	100.00	0.00
14-	Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul/Türkiye	67.98	32.02
15-	Maxis Investments Ltd.	Londra/İngiltere	67.98	32.02
16-	Milli Reasürans T.A.Ş.	İstanbul/Türkiye	87.60	12.40
17-	Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.	İstanbul/Türkiye	100.00	0.00
18-	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	45.04	54.96
19-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/Türkiye	50.46	49.54
20-	Yatırım Finansman Menkul Değerler A.Ş.	İstanbul/Türkiye	48.90	51.10
21-	Yatırım Varlık Kiralama A.Ş.	İstanbul/Türkiye	48.90	51.10

⁽¹⁾ Indirect share of the Group is considered as the Parent Bank's share percentage.

Financial statement information related to consolidated subsidiaries in the above order:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value (2)	Additional Shareholders' Equity Required
1-	16.120.481	2.548.455	379.898	732.630	420.369	589.835	510.026	3.200.000	
2-	51.499.993	1.884.515	398.843	553.910	61.909	699.988	526.939	5.184.510	
3-	205.370	126.294	7.853	95.503		23.631	10.431		
4-	6.949.706	634.486	6.296	627.973	8.804	121.372	55.292		
5-	20.376.915	2.139.443	31.147	1.509.893	17.439	310.063	197.586	2.174.211	
6-	6.676.321	5.475.663	5.510.853	6.283	41.537	1.329.920	266.502	2.914.600	
7-	279.025	275.530	922	8.555	2.871	11.976	2.050	611.553	
8-	274.024	240.517	8.570	29.198	18.342	97.016	59.256		
9-	14.213.244	3.072.116	151.535	569.927	1.119.554	1.233.477	977.305	8.168.905	
10-	275.586	273.854	431	35.515	42.941	50.811	27.975	498.018	
11-	28.062.570	3.395.122	294.252	551.693		143.158	59.514		
12-	2.732.941	758.858	72.137	111.221	14.031	12.739	2.644		
13-	1.623.847	440.328	40.440	61.347		28.165	20.760		
14-	14.827	9.917	2.518	790		4.691	(326)		
15-	320.779	77.671	1.253	7.941		12.484	7.585		
16-	7.183.128	3.000.423	829.788	406.668	160.475	548.966	348.599		
17-	119.578	45.024	2.550	5.526		2.143	(4.164)		
18-	743.565	739.912	729.591	2.276		124.879	(45.781)	1.869.400	
19-	86.092.535	7.021.766	884.455	4.675.202	10.380	1.097.309	709.473	4.040.400	
20-	2.557.415	233.809	12.135	141.316	6.155	66.201	44.209		
21-	802.052	239	3			49	17		

⁽¹⁾ Includes interest income on securities.

⁽²⁾ Fair value is the companies' market value.



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i.4. Movement of investments in subsidiaries ⁽¹⁾:

	Current Period	Prior Period
Balance at the Beginning of the Period	13,004,921	9,915,702
Movements in the Period		
Purchases (2)	135,635	482,999
Bonus Shares Acquired		
Dividends Received from the Current Year Profit		
Sales		
Revaluation Surplus/Deficit (3)	4,472,501	2,606,220
Impairment		
Balance at the End of the Period	17,613,057	13,004,921
Capital Commitments		
Contribution in equity at the end of the period (%)		

⁽¹⁾ Reveals the information related to companies subject to consolidation in which Bank directly owns share.

⁽²⁾ (*) The amount in the current period is due to the purchase and capital increase of Moka Ödeme Kuruluşu A.Ş. and the amount in the prior period is due to the purchasing shares of Türkiye Sınai Kalkınma Bankası A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş., Milli Reasürans T.A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret and İletişim Hizmetleri A.Ş. by cash, Türkiye Şişe ve Cam Fabrikaları A.Ş. and İş Gayrimenkul Yatırım Ortaklığı A.Ş.'s shares followed in the Financial Assets at Fair Value Through Profit or Loss account is classified under subsidiaries and due to the capital increase of Trakya Yatırım Holding A.Ş.

⁽³⁾ Includes accounting differences by equity method.

i.5. Sectoral information on consolidated subsidiaries and the related carrying amounts ⁽¹⁾:

	Current Period	Prior Period
Banks	8,036,340	5,580,606
Insurance Companies	4,353,568	3,659,077
Factoring Companies		
Leasing Companies	544,978	442,361
Finance Companies		
Other Financial Subsidiaries	4,678,171	3,322,877
Total	17,613,057	13,004,921

⁽¹⁾ Reveals the information related to companies subject to consolidation in which Bank directly owns share.

i.6. Consolidated subsidiaries traded on stock exchange ⁽¹⁾:

	Current Period	Prior Period
Traded on domestic stock exchanges	10,063,540	7,867,084
Traded on foreign stock exchanges		

⁽¹⁾ Reveals the information related to companies subject to consolidation in which Bank directly owns share.

i.7. Consolidated subsidiaries disposed of in the current period: None

i.8. Subsidiaries acquired in the current period:

After the authorization granted to the General Directorate by the decision of the Bank's Board of Directors dated 27.07.2020, the necessary transactions were completed and the 100% share of Moka Ödeme ve Elektronik Para Kuruluşu A.Ş. was transferred to the Bank.

i.9. Other issues on subsidiaries:

TSKB also acquired the shares owned by Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Değerleme A.Ş. and TSKB Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı in TSKB Sürdürülebilirlik Danışmanlığı A.Ş. and increased his share in the subsidiary to 100%.

As explained in Note III.2 of Section Three, non-financial subsidiaries, associates and jointly controlled associates are accounted by using the equity method defined in TAS 28 "Investments in Subsidiaries and Associates" within the scope of TAS 27 "Individual Financial Statements".

j. Information on jointly controlled entities (Net):

As per the "Communiqué on Preparation of Consolidated Financial Statements of Banks", jointly controlled entities as credit institutions or financial institutions are included in the scope of consolidated financial statements. There are no jointly controlled entities which are excluded in the scope of the consolidation.

On the other hand, as explained in Note III.2 of Section Three, non-financial subsidiaries, associates and jointly controlled associates are accounted by using the equity method defined in TAS 28 "Investments in Subsidiaries and Associates" within the scope of TAS 27 "Individual Financial Statements".

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k. Information regarding finance lease receivables (Net):

k.1. Presentation of finance lease receivables according to their remaining maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	5,518,419	4,652,503	3,477,055	2,916,349
1-4 Years	7,264,644	6,428,916	4,512,253	3,984,049
More than 4 Years	701,434	622,103	481,846	437,920
Total	13,484,497	11,703,522	8,471,154	7,338,318

k.2. Information regarding net investments made on finance lease:

	Current Period	Prior Period
Gross Finance Lease Investment	13,484,497	8,471,154
Unearned Finance Revenue from Finance Lease (-)	1,780,975	1,132,836
Net Finance Lease Investment	11,703,522	7,338,318

k.3. Presentation of operating lease receivables according to their remaining maturities:

As at December 31, 2021 the remaining maturities of the Group's operating lease receivable is less than 1 year the total amount is TL 23,537 (December 31, 2020; TL 12,824).

l. Positive differences table for hedging derivative financial assets:

	Current Period		Prior Period	
Part of Derivative Financial Assets at Fair Value Through Profit Loss ⁽¹⁾	Net	Gross	Net	Gross
Hedging Derivative Financial Assets		256,505		262,699
Hedging Cash Flow				
Protection from Net Investment Risk Abroad				
Total		256,505		262,699

⁽¹⁾ Includes information on derivative financial assets for hedging purposes classified under derivative financial assets.

Explanations on hedging derivative financial assets:

	Current Period			Prior Period		
Derivative Financial Liabilities at Fair Value through Profit/Loss	Contract Sum	Assets	Liability	Contract Sum	Assets	Liability
Interest Rate Swap Transactions	19,085,248	208,148		15,214,012	262,699	
FC	19,085,248	208,148		15,214,012	262,699	
TL						
Currency Swap Transactions	7,926,855	48,357		4,626,754		154,049
FC	7,926,855	48,357		4,626,754		154,049
TL						



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Information on fair value hedge accounting is given below.

Current Period:

Hedging Instrument	Hedging Item	Risk Exposure	Fair Value Difference of Hedging Assets ⁽¹⁾	Net fair value of hedging instrument ⁽¹⁾		Income statement effect (profit / loss from derivative financial transactions)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Interest rate Eurobond and Greenbond	Interest Risk	(111,338)	117,468		6,130
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Risk	(24,900)	24,016		(884)
Cross Currency Swap Transactions	Fixed Interest Rate Eurobond	Interest Risk	(72,869)	73,489		620

⁽¹⁾ The fair value of the protected assets and the hedged assets subject to hedge accounting is shown as the net market value excluding the credit risk and the accumulated interest.

Prior Period:

Hedging Instrument	Hedging Item	Risk Exposure	Fair Value Difference of Hedging Assets ⁽¹⁾	Net fair value of hedging instrument ⁽¹⁾		Income statement effect (profit / loss from derivative financial transactions)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Interest rate Eurobonds and Greenbonds	Interest rate risk	(184,285)	181,026		(3,259)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest rate risk	(41,043)	40,450		(593)
Cross Currency Swap Transactions	Fixed Interest rate Eurobonds	Interest rate risk	(54,959)	54,947		(12)

⁽¹⁾ The fair value of the protected assets and the hedged assets subject to hedge accounting is shown as the net market value excluding the credit risk and the accumulated interest.

m. Information on Tangible Assets:

Current Period	Real Estate	Right-to-Use Assets	Buildings Under Construction	Vehicles	Other MDV	Total
Previous Period						
Cost	6,070,841	1,804,042	248,229	42,938	3,483,315	11,649,365
Accumulated Depreciation	(114,817)	(956,465)		(23,900)	(2,454,229)	(3,549,411)
Net Book Value	5,956,024	847,577	248,229	19,038	1,029,086	8,099,954
Current Period						
Net Book Value at the Beginning of Period	5,956,024	847,577	248,229	19,038	1,029,086	8,099,954
Current Period Changes (Net) (1)	2,952,267	576,863	43,924	5,087	409,785	3,987,926
Depreciation Fee	(74,526)	(371,005)		(6,795)	(350,648)	(802,974)
Provision for Impairment (Net)	24,997					24,997
Foreign Exchane Differences (Net) (1)	18,311	67,782		1,325	9,703	97,121
End of Term Cost	8,903,796	2,520,198	292,153	49,778	3,915,335	15,681,260
Accumulated Depreciaton at the End of the Period	(26,723)	(1,398,981)		(31,123)	(2,817,409)	(4,274,236)
Net Book Value at the End of the Period	8,877,073	1,121,217	292,153	18,655	1,097,926	11,407,024

⁽¹⁾ Includes the movements in cost value and accumulated depreciation items.

k. Information on Intangible Assets:

Explanation regarding consolidation goodwill that is included in intangible assets is given in Section Three under the caption of “XII. Explanations on Goodwill and Other Intangible Assets.” The table consisting movements of other intangible assets are presented below.

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	1,618,014	1,160,750
Change During the Period (Net)(1)	921,544	752,848
Depreciation	(453,413)	(324,296)
Impairment		
Currency Translation Differences (1)	67,886	28,712
Cost at Period End	5,284,771	4,183,145
Accumulated Depreciation at Period End	(3,130,740)	(2,565,131)
Net Book Value at the End of the Period	2,154,031	1,618,014

⁽¹⁾ The balance includes the movements in cost and accumulated depreciation items.

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I. Information on investment property:

Investment properties are properties that the Group holds to earn rentals. Explanations on these subjects are given in Section Three Note XIV. Total rental income obtained from investment properties during the period is TL 150,519 (December 31, 2020: TL 124,724).

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	3,649,631	3,444,979
Change During the Period (Net) (1)	51,414	17,297
Revaluations Surplus/Deficit	900,871	187,355
Net Book Value at the End of the Period	4,601,916	3,649,631

n. Information on deferred tax asset:

As of December 31, 2021, the Parent Bank and the other consolidated Group companies has deferred tax asset amounting to TL 3,118,976. Such deferred tax asset is calculated based on the temporary differences between the book value of assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising the temporary differences are followed under equity, the related tax asset/liability is directly recognized under equity items.

	Current Period	Prior Period
Tangible Assets Base Differences	743,080	478,240
Provisions ⁽¹⁾	(6,041,695)	(3,489,533)
Finance Lease Income Accruals	32,401	16,384
Valuation of Financial Assets	1,946,829	(598,113)
Other	200,409	(79,714)
Net Deferred Tax Asset	(3,118,976)	(3,672,736)

⁽¹⁾ Comprised of employee termination benefits, actual and technical deficits of the pension fund, insurance technical provisions, the provisions for credit card bonus points, expected credit loss for Stage 1 and Stage 2 loans and other provisions.

Movement of the deferred tax asset is as follows:

	Current Period	Prior Period
Beginning Value	3,528,305	1,874,705
Deferred Tax Income / (Expense) (Net)	(767,140)	1,863,243
Deferred Tax Accounted Under Equity	216,138	(196,818)
Deferred Tax Accounted Under Previous Year K / Z		(13,786)
Exchange rate differences	16,360	961
Other	364	
Deferred Tax Asset ⁽¹⁾	2,994,027	3,528,305

⁽¹⁾ In the consolidated financial statements, there are deferred tax assets of TL 3,118.976 and deferred tax liabilities of TL 124.949 in the current period. Explanations on deferred tax liability are given in Section Five, Note II.h.2.

n. Information on assets held for sale and discontinued operations:

	Current Period	Prior Period
Net Balance at the Beginning of the Period	1,302,608	1,190,220
Change during the periods (Net)	(399,379)	111,914
Amortized Cost		(7)
Foreign Currency Difference	7,642	481
Net Book Value at the End of the Period	910,871	1,302,608

Investment in a special purpose company whose details be given in Section Five footnote I.b.3 is classified within the scope of “IFRS-5 Assets Held for Sale and Discontinued Operations”. As stated in the same footnote, in 2019 the Bank’s and Türkiye Sınai Kalkınma Bankası A.Ş.’s shares’ nominal values in company’s capital increased from TL 6 to TL 461,833 and TL 1 to TL 64,403 respectively and this amount is located in the line “Change during the periods (Net)”. On the other hand, an international investment bank is authorized as a sales advisor in 2019 for the sale of the relevant company or the shares owned by the company and in this context, necessary works related to the sale and negotiations with potential investors has been initiated. Although the process is ongoing as of the date of the report, as announced on the Kamu Aydınlatma Platformu on 17.12.2021, negotiations have been started for the sale of these shares to the Türkiye Varlık Fonu.

The other assets classified as “Fixed Assets Held for Sale” mostly consist of real estates. Announcements about the real estates subject to sale are made by using newspaper advertisements and similar media. Additionally, the Parent Bank’s real estates subject to sale are announced on the Bank’s web site.

The Group has no discontinued operations.

o. Information on other assets of the group:

Other assets item does not exceed 10% of the balance sheet total.



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II. Disclosures And Footnotes on Consolidated Liabilities

a. Information on Deposits:

a.1. The maturity structure of deposits:

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	29,130,181		10,101,438	62,338,966	8,091,893	879,420	1,026,512	6,422	111,574,832
Foreign Currency Deposits	195,521,622		34,766,109	129,130,825	8,364,528	6,984,141	18,549,447	2,293	393,318,965
Residents in Turkey	171,143,280		32,092,855	111,457,042	5,338,216	1,907,736	4,904,765	1,517	326,845,411
Residents Abroad	24,378,342		2,673,254	17,673,783	3,026,312	5,076,405	13,644,682	776	66,473,554
Public Sector Deposits	1,205,680		11,796	139,914	1,073	374	200		1,359,037
Commercial Deposits	18,091,217		16,649,887	11,071,146	173,276	515,975	28,850		46,530,351
Other Institutions Deposits	602,088		571,697	3,160,538	40,352	2,411	51,875		4,428,961
Precious Metals Deposits	46,013,605			1,055,562	150,880	6,508,325	311,651		54,040,023
Interbank Deposits	1,302,757		555,375	1,133,496	59	848,077	2,587,270		6,427,034
The Central Bank of Turkey	480								480
Domestic Banks	288,796		450,260	538,289		148,477			1,425,822
Foreign Banks	1,013,416		105,115	595,207	59	699,600	2,587,270		5,000,667
Participation Banks	65								65
Other									
Total	291,867,150		62,656,302	208,030,447	16,822,061	15,738,723	22,555,805	8,715	617,679,203

The Main Partnership Bank has started to offer its customers exchange rate-protected TL deposit products in the current period within the scope of the 'Communiqué on Supporting the Transformation into Turkish Lira Deposits and Participation Accounts' published by the CBRT on 21.12.2021 and numbered 31696, and the Turkish Ministry of Treasury and Finance's press release dated 21.12.2021. As of 31.12.2021, the amount of the exchange rate protected deposit product opened in this context is TL 6,116,412.

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	21,210,745		6,277,095	59,511,073	2,134,712	449,790	751,497	8,557	90,343,469
Foreign Currency Deposits	88,486,220		14,003,962	84,111,032	5,525,404	3,250,065	12,856,336	1,263	208,234,282
Residents in Turkey	77,521,647		12,178,923	72,291,088	3,506,840	1,114,563	3,613,468	878	170,227,407
Residents Abroad	10,964,573		1,825,039	11,819,944	2,018,564	2,135,502	9,242,868	385	38,006,875
Public Sector Deposits	941,849		1,272	70,444	7,829	329	195		1,021,918
Commercial Deposits	12,882,574		7,734,268	13,182,655	191,959	1,924,058	9,691		35,925,205
Other Institutions Deposits	541,979		565,554	2,396,713	123,706	2,265	26,155		3,656,372
Precious Metals Deposits	32,152,261			390,882	87,716	4,013,730	163,286		36,807,875
Interbank Deposits	1,123,809		1,803,160	1,002,743	65,260	255,227	1,454,073		5,704,272
The Central Bank of Turkey	510								510
Domestic Banks	115,744		754,461	192,488		180,729			1,243,422
Foreign Banks	998,457		1,048,699	810,255	65,260	74,498	1,454,073		4,451,242
Participation Banks	9,098								9,098
Other									
Total	157,339,437		30,385,311	160,665,542	8,136,586	9,895,464	15,261,233	9,820	381,693,393

a.2. Savings deposits which are under the guarantee of Savings Deposits Insurance Fund exceeding the insurance limit:

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Prior Period	Current Period	Prior Period	Önceki Dönem
Savings Deposits	54,291,725	47,354,070	56,062,849	41,824,890
Foreign Currency Savings Deposits	58,931,256	42,668,430	175,476,819	88,281,588
Other Deposits in the Form of Savings Deposits	19,430,372	17,580,279	31,613,866	17,357,298
Foreign Branches' Deposits Under Foreign Authorities' Insurance	14,734,281	16,641,572	4,059,511	1,800,626
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance				

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a.3. Savings deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign Branches' Saving Deposits and Other Accounts	4,059,511	800,626
Deposits and Other Accounts held by Main Shareholders and their Relatives		
Deposits and Other Accounts of the Chairperson and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	29,224	28,274
Deposits and Other Accounts Covered by Assets Generated Through the Offenses Mentioned in Article 282 of the Turkish Criminal Code Numbered 5237 and Dated 26 September 2004		
Deposits in the Banks to be Engaged Exclusively in Off-shore Banking in Turkey		

b. Negative Differences on Derivative Financial Liabilities Held for Trading:

Derivative Financial Liabilities at Fair Value through Profit/Loss ⁽¹⁾	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2,282,720	265,681	212,130	265,801
Swap Transactions	4,682,562	6,127,648	1,301,626	6,432,114
Futures				
Options	131,914	461,757	480	37,234
Other		126,245		451,000
Total	7,097,196	6,981,331	1,514,236	7,186,149

⁽¹⁾ Includes information related to derivative financial liabilities held for trading and classified under derivative financial liabilities. Information on derivative financial liabilities for hedging purposes is disclosed in Note II.g of Section Five.

c. Banks and Other Financial Institutions:

c.1. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds borrowed from the CBRT				12,010
Domestic banks and institutions	3,736,112	9,586,758	2,594,453	4,927,294
Foreign banks, institutions and funds	2,283,386	113,317,427	1,840,513	68,228,618
Total	6,019,498	122,904,185	4,434,966	73,167,922

c.2. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	4,072,916	8,797,761	2,844,336	2,622,591
Medium and Long-term	1,946,582	114,106,424	1,590,630	70,545,331
Total	6,019,498	122,904,185	4,434,966	73,167,922

c.3. Information on funds borrowed:

Information on funds received through syndicated loans and securitization deals, which take a significant place among funds borrowed, are given below.

Syndication loans:

Date of Use	Funds Borrowed	Maturity
May 2021	USD 300,000,000 + EUR 544,650,000	1 Year
July 2021	USD 55,000,000 + EUR 116,000,000	1 Year
November 2021	USD 328,000,000 + EUR 434,000,000	1 Year



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Securitization deals:

The Parent Bank obtained funds by putting on securitization deals all its claims and receivables based on diversified payment rights in USD, EUR and GBP through its consolidated structured entity TIB Diversified Payment Rights Finance Company (TIB) which was established in abroad. The Parent Bank monitors securitization credits under the “Borrowings” on its financial statements as per its nature.

Information on funds received through securitization is given below.

Date	Amount	Final Maturity	Remaining Debt Amount as at December 31, 2021
June 2012	EUR 125,000,000	12 year	EUR 34,375,000
December 2013	EUR 50,000,000	12 year	EUR 20,000,000
December 2014	USD 220,000,000	14 year	USD 140,000,000
March 2015	USD 75,000,000	7-15 year	USD 18,000,000
October 2015	USD 221,200,000	10 year	USD 103,687,500
October 2016	USD 55,000,000	12 year	USD 37,560,964
December 2016	USD 158,800,000	10-13 year	USD 91,290,954
December 2017	USD 265,000,000	5-7 year	USD 103,000,000
December 2017	EUR 125,000,000	5 year	EUR4 1,666,667
December 2017	USD 125,000,000	9 year	USD 125,000,000

Other Transactions:

The financing transaction amounting to USD 500 million, with a maturity of 10 years, obtained within the scope of the Diversified Payment Rights (DPR) securitization programme, which had been disclosed on August 2014, has been increased to USD 600 million by an additional funding of USD 100 million with the identical maturity profile on September 2017.

d. Information on Debt Securities Issued (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	5,999,193		5,095,133	
Asset backed security	757,078		377,032	
Bonds	2,028,706	39,292,335	1,662,744	32,364,397
Total	8,784,977	39,292,335	7,134,909	32,364,397

e. Concentration of the liabilities of the Group:

Group's liabilities 55% are comprised of deposits, 11% are comprised of funds borrowed, 8% are comprised subordinated debt and marketable securities issued and 5% are comprised of debt from money markets. Deposits are distributed among a large variety of customers with different characteristics. The borrowings, on the other hand, are comprised of various funds obtained from financial institutions through syndication, securitization, post-financing and money market operations.

f. Information on Other Liabilities:

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

g. Information on Lease Payables (Net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	54,978	38,505	47,802	29,110
1-4 years	263,475	188,386	153,914	110,680
More than 4 years	1,501,399	1,012,823	1,181,187	778,950
Total	1,819,852	1,239,714	1,382,903	918,740

h. Negative differences related to derivative financial instruments for hedging purposes:

Part of Derivative Financial Liabilities at Fair Value Through Profit Loss ⁽¹⁾	Current Period		Prior Period	
	Gross	Net	Gross	Net
Fair Value Hedge Purpose				154,049
Cash Flow Hedges				
Net Investment Hedge Abroad				
Total				154,049

⁽¹⁾ Includes the negative differences related to derivative financial assets for hedging purposes classified under derivative financial assets.

The transactional details for the hedging derivative financial instruments are disclosed in Note I.I of Section Five.

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i. Information on Provisions:

i.1. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Parent Bank is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee termination benefits is TL 8,284.17 (exact TL amount as of December 31, 2021), which is one-month salary for each service year and cannot exceed the base salary ceiling for employee termination benefits. A provision for severance pay to allocate that employees need to be paid upon retirement is calculated by estimating the present value of probable amount. A provision for severance pay to allocate that employees need to be paid upon retirement is TL 2,424,212 as of December 31, 2021 (December 31, 2020; TL 1,501,616).

Main actuarial assumptions used in calculation of severance pay liability are as follows:

- In the calculation, the discount rate is 19.10%, the inflation rate is 15.07%, and the real wage increase rate is 2%.
- In the calculation, the ceiling of 8,284.51 TL (full TL amount) valid as of 31.12.2021 was taken as basis.
- Retirement age is taken into account as the earliest age at which individuals can retire.
- CSO 1980 mortality table is used for probability of death for women and men.

The movements related to provision for employee termination benefits are given below:

	Current Period	Prior Period
Present value of defined benefit obligation at the beginning of the period	1,501,616	1,260,666
Current Service Cost	110,009	96,112
Interest Cost	185,885	144,591
Benefits paid	(116,836)	(79,882)
Loss/(Gain) due to Settlements / Reductions / Terminations	11,097	6,372
Prior Year Service Cost		3
Actuarial loss/(gain)	732,441	73,754
Defined benefit obligation at the end of the period	2,424,212	1,501,616

In addition to the retirement pay liability, the Bank and the Group companies included in the consolidation reserve provisions for unused vacation. As of December 31, 2020 the unused vacation provision amount is TL 152,219 (December 31, 2020: TL 119,315).

In addition to the benefit obligation, the Bank and the consolidated Group companies make provisions for unused vacations. As of December 31, 2020, the unused vacation provision amount is TL 116,919 (December 31, 2019: TL 95,365).

i.2. Provisions for exchange losses in the principal amount of foreign currency indexed loans:

Since foreign currency indexed loans are followed based on the rates on the lending date, the Parent Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of December 31, 2021, and December 31, 2020 there is no provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans.

i.3. Specific provisions for non-cash loans, which are not indemnified and not converted into cash:

As of December 31, 2021, TL 1,215,914 provision (December 31, 2019: TL 695,465) is allocated for the non-cash loans of companies whose loans are followed under non-performing loans accounts.

i.4. Information on other provisions:

i.4.1. Liabilities arising from retirement benefits:

Liabilities of pension funds founded as per the Social Security Act:

Within the scope of the explanations given in. Section Three Note XX.2, in the actuarial report which was prepared as of December 31, 2021 for Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund) by a licensed actuary, of which each Bank employee is a member, and which has been established according to the provisional Article 20 of the Social Security Act numbered 506, the amount of actuarial and technical deficit stands at TL 6,095,055 .According to the actuarial report as at December 31, 2021 of Milli Reasürans T.A.Ş. besides the Parent Bank, the amount of actuarial and technical deficit was determined to be TL 102,999. There is a provision on financial statements to compensate the deficit in mentioned period, the mentioned provision is preserved on current year financial statements as well. In the financial statements for the said period, there are as many provisions as the said deficit amounts, and the said provision amount has been retained in the financial statements for the current period.

The above mentioned actuarial audit, which was made in accordance with the principles of the related law, measures the cash value of the liability as of December 31, 2021, in other words, it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

- 9.8 % technical deficit interest rate is used.
- 34.5 % total premium rate is used.
- CSO 1980 woman/man mortality tables are used.

Below table shows the cash values of premium and salary payments of the Parent Bank as of December 31, 2021, taking the health expenses within the Social Security Institution limits into account.

	December 31, 2021	December 31, 2020
Net Present Value of Total Liabilities Other Than Health	(15.810.869)	(12.863.517)
Net Present Value of Long Term Insurance Line Premiums	5.858.707	5.185.068
Net Present Value of Total Liabilities Other Than Health	(9.952.162)	(7.678.449)
Net Present Value of Health Liabilities	(1.873.541)	(1.564.560)
Net Present Value of Health Premiums	4.247.562	3.759.175
Net Present Value of Health Liabilities	2.374.021	2.194.615
Pension Fund Assets	1.483.086	1.247.723
Amount of Actuarial and Technical Deficit	(6.095.055)	(4.236.111)



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The assets of the pension fund are as follows:

	December 31, 2021	December 31, 2020
Cash and Cash Equivalents	984,609	752,948
Securities Portfolio	439,018	439,787
Other	59,459	54,988
Total	1,483,086	1,247,723

Health benefits that are still being paid will be determined within the framework of the Social Security Institution legislation and related regulations with the transfer.

i.4.2. Provision of credit cards and promotion of banking services applications: The Bank has recognized provisions amounting to TL 108,873 for the amount which is recognized within the framework of credit card expenses of credit card customers or promotions for banking services as of December 31, 2021. (December 31, 2020: TL 72,709)

i.4.3. As mentioned public disclosures of the Bank on December 31, 2012 and December 19, 2013; an inspection has been made by the inspectors of Tax Inspection Board to "Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı" ("İşbank Supplementary Pension Fund"), which was founded as per the provisions of the Turkish Commercial and Civil Codes, regarding the payments that fulfill İşbank's liabilities within the framework of the Articles of Foundation of the Pension Fund and the relevant legislation. As a result of this investigation, tax audit reports were prepared for the years 2007, 2008, 2009, 2010, 2011 claiming that the aforementioned liabilities should be taxed in terms of wage base, thus, they should be subject to withholding tax and stamp duty. According to this report, the total amount of tax and penalties notified to Bank was TL 74,353 for 2007 and 2008; and as of reporting date TL 151,899 for 2009, 2010 and 2011 and it was stated that the Bank applied to tax courts to cancel these tax notifications and some of the court decisions were determined in favor of the Bank and some others were determined against the Bank.

In this context, for the finalized decisions of Regional Administrative Courts related to the years 2007 and 2008 against the Bank, the Bank applied to the Constitutional Court. According to decisions made by Constitutional Court up to reporting date, there is no predictability in legal conformity for taxing the Bank's contributions to the Pension Fund in terms of wage base and for this reason it was accepted that property right of the Bank has been violated according to the 35th article of Constitution. The Court decided that the amount of tax, penalties and default interest which was paid by the Bank should be paid back to the Bank as for compensation with its legal interest.

Besides of the Bank, an inspection was conducted by Tax Audit Committee Inspectors regarding to the contribution obligations mentioned above for the period 2007-2011 on Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı Mensupları which is founded according to Turkish Commercial Law and Civil Law, owned by "Türkiye Sınai Kalkınma Bankası A.Ş." "Milli Reasürans T.A.Ş", and Anadolu Anonim Türk Sigorta Şirketi. As a result of the issued report that companies a total of TL 33 million (exact amount) tax penalty notices were notified. Assessments made on the subject by the company's application in accordance with the legislation, which was suspended for Tax Administration concluded that the lack of legal basis of assessment and said assessment were filed in court against the various tax. A number of cases concluded in favor of the Bank, another part of lawsuits concluded against the Bank.

According to the decision of the Constitutional Court, it is expected that the cases related to the periods 2007, 2008, 2009, 2010 and 2011 will conclude in favor of the Bank and the litigant Group companies. In this context, the provisions amounting to TL 217,265 which had been allocated for the mentioned periods, reversed at 2015.

In the last decision of the constitutional court numbered 2016/2400 regarding the legal proceedings initiated upon the conclusion of the lawsuits amounting to TL 61,060 for the 20 periods in 2012 and 2013 against the bank; it was accepted that the predictability criterion was realized after the 2012 tax review, and it was concluded that the Bank's ownership rights were not violated for December 2012 and beyond periods. However, since the aforementioned periods were filed by making a reservation and paying taxes, the mentioned decision had no additional effect on the financial statements.

In addition, at a case file, which was one of the lawsuits regarding the repayment of income tax stoppage and stamp tax which has been paid by reservation statement beginning from December 2013, of which its court decision was rendered in favour of the Bank, has been reversed by the majority of the votes of the Assembly after it was submitted to the General Assembly of Tax Courts. Regarding the mentioned issue, the legal process is ongoing.

In this process, the Group companies are acting together with the Parent Bank and in this regard TL 162,960 (December 31, 2020: TL 128,837) have been transferred to the provision expense accounts in the current period.

i.4.4. In 1993, Dışbank A.Ş. shares which were owned by the Bank were sold to Lapis Holding A.Ş. In 2008, it was claimed that USD 52.6 million of the amount, which was paid upfront within the context of the sale agreement, had been provided from the funds of the insolvent TYT Bank A.Ş. by the buyer and payment of the mentioned amount as well as the interest to be calculated to the Savings Deposit Insurance Fund (SDIF) was demanded.

The administrative actions initiated by the SDIF in 2008 were revoked by Council of State Administrative Law Chambers 13th upon the application of the Bank. The decisions which were in favour of the Bank were reversed by Plenary Session of the Law Chamber upon the appeal of the SDIF, Council of State Administrative Law Chambers 13th decided to reject the applications of the Bank in January 2016 due to their obligation to obey the decisions of reversal.

After the aforementioned court decisions, although the legal process was still in progress, the collection procedures were carried out within the context of Law No. 6183 and TL 298,466 including the default interest, was collected from the Bank by the SDIF at prior periods and made provision for the whole amount.

As a part of the legal process, individual application to the Constitutional Court of Republic of Turkey has been made by the Bank was not concluded positively. On the other hand, the legal process is still ongoing within the framework of the ongoing lawsuits and other available legal options.

i.4.5. Except the other provisions indicated above, free provision within conservatism principle, for negative circumstances which may arise from the possible changes that may arise in the economy and market conditions, amounting to TL 4,075,000 of which TL 2,875,000 provided in prior years and TL 1,200,000 was provided in the current period.

j. Information on Tax Liability:

j.1. Information on current tax liability:

j.1.1. Information on tax provision:

Explanations on taxation and calculations are explained in Note XXI of Section Three. As of December 31, 2021, as a result of the clarification of the Group's corporate tax liability and temporary taxes paid, the remaining corporate tax liability amounts to TL 1,496,283 and as a result of the separate clarification process of each partnership and tax authority, current tax asset amounting to TL 74,819 occurs.

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j.1.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	1,496,283	2,184,343
Tax on Securities Income	304,755	233,897
Tax on Real Estate Income	6,180	2,448
Banking Insurance Transaction Tax	442,711	261,320
Foreign Exchange Transaction Tax	117,926	18,192
Value Added Tax Payable	46,696	16,091
Other	120,263	114,029
Total	2,534,814	2,830,320

i.1.3. Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employees	4,149	3,520
Social Security Premiums – Employer	5,100	4,172
Bank Pension Fund Premiums – Employees		
Bank Pension Fund Premiums – Employer		
Pension Fund Membership Fees and Provisions-Employees	8,250	6,473
Pension Fund Membership Fees and Provisions-Employer	5	7
Unemployment Insurance – Employees	2,999	2,490
Unemployment Insurance – Employer	5,811	4,987
Other	8	13
Total	26,322	21,662

j.2. Information on deferred tax liabilities:

The Parent Bank and the consolidated Group companies have TL 124,949 deferred tax liability as of December 31, 2021. The related deferred tax debt is calculated over the temporary differences between the book values of assets and liabilities in the records and their tax base values calculated according to tax.

	Current Period	Prior Period
Tangible Assets Base Differences	107,919	105,528
Provisions	(1,754)	(9,776)
Valuation of Financial Assets	14,098	47,757
Other	4,686	922
Deferred Tax Liability	124,949	144,431

k. Information on Payables for Assets Held for Sale and Discontinued Operations

The Bank does not have any payables for assets held for sale and discontinued operations.

l. Information on subordinated loans

The Bank;

- As of October 24, 2012, issued 10 year-term bills with a nominal value of USD 1,000,000,000; as of December 10, 2013 issued 10 year-term bills with a nominal value USD 400,000,000; as of June 29, 2017 issued 11 year-term bills with recall option on 6th year and a nominal value USD 500,000,000 and as of January 22, 2020 issued 5 year-term with nominal value of USD 750,000,000 which all have the characteristic of subordinated loans for the purpose of making available to the individuals and legal persons who are resident abroad. Interest rates of aforementioned bonds are 6.00%, 7.85%, 7.00% and 7.75% respectively.
- As of August 8, 2017, June 19, 2019 and September 26, 2019; the Bank has issued 10 year-term bills with a nominal value of TL 1,100,000,000, 800,000,000 and 350,000,000 (full TL amount) respectively, with floating interest rates for qualified investors without being offered to the public in Turkey,

Nominal value contribution capital has issued borrowing instruments that will be included in the calculation of bonds.The bills mentioned are amounting to TL 37,470,997 as of December 31, 2021 (December 31, 2020 TL 22,138,559).

As of March 28, 2017, TSKB, the subsidiary of the Parent Bank, included in the consolidation, issued a bond with a maturity of 10 years and a nominal value of USD 300 million with an interest rate of 7.625% with an interest payment of six months and a quasi-subordinated loan. The balance sheet value of the mentioned borrowing instrument at the end of the period is TL 4,008,280. (December 31, 2020: 2,287,562)

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments To Be Included In Additional Capital Calculation	5.999.193		5.095.133	
Subordinated Loans				
Subordinated Debt Instrument				
Debt Instruments To Be Included In Contribution Capital Calculation	2,296,445	39,182,832	2,286,510	22,139,611
Subordinated Loans				
Subordinated Debt Instrument	2,296,445	39,182,832	2,286,510	22,139,611
Total	2,296,445	39,182,832	2,286,510	22,139,611



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m. Information on consolidated shareholders' equity:

j.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common shares	4,499,970	4,499,970
Preferred shares	30	30
Total	4,500,000	4,500,000

m.2. Explanation as to whether the registered share capital system ceiling is applicable at bank, if so, the amount of registered share capital:

Capital System	Paid-in Capital	Ceiling
Registered Capital System	4,500,000	10,000,000

m.3. The capital increase made in current period: None.

m.4. Capital increase through transfer from capital reserves during the current period: None.

m.5. Significant commitments of the Parent Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: None

m.6. Information on shares acquired by the Company: The Parent Bank has repurchased shares amounting to TL 530,307 in accordance with the Board of Directors Decision dated August 17, 2018.

m.7. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Group's equity: The Parent Bank's and the Group companies' balance sheets are managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level.

m.8. Privileges Granted to Shares:

Turkish Commercial Law and related registration are kept conditionally;

Group (A) shares each with a nominal value of 1 Kurus have the privileges of;

- receiving 20 times the number of shares in the distribution of bonus shares issued from conversion of extraordinary and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation),
- exercising the preference rights as 20 times (Article 19 of the Articles of Incorporation) and

despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 Kurus, have the same rights with the Group (C) shares having a nominal value of 4 Kurus each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 Kurus are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

m.9. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets At Fair Value Through Other Comprehensive Income	3,409,376	(3,025,127)	1,348,303	(62,532)
Valuation Difference	4,134,003	(3,656,824)	1,664,000	(93,702)
Deferred Tax Effect on Valuation	(777,305)	631,697	(335,623)	31,170
Foreign Exchange Differences	52,678		19,926	
Total	3,409,376	(3,025,127)	1,348,303	(62,532)

n. Information on minority interest

	Current Period	Prior Period
Balance at the beginning of the period	7,413,718	7,065,589
Distributed Dividend	(299,226)	(190,292)
Subsidiaries Profit/Loss on minority interest	2,019,198	1,096,310
Effect of change in subsidiaries equity	184,536	57,354
Effect of change in Group's minority interest	(83,298)	(615,243)
Period Ending Balance	9,234,928	7,413,718

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m. Information on Dividend Distribution

At the Bank's Ordinary General Assembly, held on March 31, 2021, it was decided to allocate net profit from operating acitivities of 2020, amounting to TL 6,810,917 thousand as follows;

- Adding the sales profit amounting to TL 6,262 from the disposed real estates in the accounting period; recorded under retained earnings within the framework of the relevant accounting standard.
- The total amount of TL 152,066, which includes TL 17,066 from real estate sales profits to be added to the capital and TL 135,000 from the amount allocated as venture capital fund, of the balance sheet profit to be distributed amounting to TL 6,817,179 allocation as special reserve fund,
- of the amount as a basis for distribution of TL 6,665,113;
- TL 681,088 to A, B and C group shares as cash,
- TL 4 to the founding shares as cash,
- TL 134,324 as cash dividend to employees to be distributed,
- TL 5.849.697 as legal and extraordinary reserves to be reserved,

has been decided. As at March 31, 2021; TL 6,001,763 was transferred to reserves account, cash dividends were distributed to the shares other than the shares acquired by the Bank, as of April 2, 2021.

III. Disclosures and Footnotes On Consolidated Off-Balance Sheet Items

a. Explanations to Liabilities Related to Off-Balance Sheet Items:

a.1. Types and amounts of irrevocable loan commitments:

Commitment for customer credit card limits amounts to TL 46,524,830 and commitment to pay for cheque leaves amounts to TL 3,291,900. The amount of commitment for the forward purchase of assets is TL 14,003,202 and for the forward sale of assets is TL 13,724,140.

a.2. The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

The Group's provisions for indemnified non-cash loans balance is TL 1,215,814 as of December 31, 2021 (December 31, 2020: TL 695,465) which is allocated for the non-cash loans of companies whose loans are followed under "Non-performing Loans" accounts, Commitments are shown in the table of "Off-balance sheet items".

a.3. Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	13,805,873	9,050,343
Letters of Credit	48,873,749	22,593,911
Other Guarantees	4,269,208	3,170,943
Total	66,948,830	34,815,197

a.4. Certain guarantee, provisional guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Letters of Tentative Guarantees	1,708,305	1,546,664
Letters of Certain Guarantees	72,902,038	49,123,966
Letters of Advance Guarantees	15,463,646	9,454,770
Letters of Guarantee Given to Customs Offices	6,090,285	6,556,617
Other Letters of Guarantee	36,502,689	21,389,193
Total	132,666,963	88,071,210

a.5. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	38,252,155	22,889,316
With Original Maturity of 1 Year or Less	9,601,819	3,590,697
With Original Maturity More Than 1 Year	28,650,336	19,298,619
Other Non-cash Loans	161,363,638	99,997,091
Total	199,615,793	122,886,407



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a.6. Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	296,207	0.64	499,227	0.33	189,630	0.47	331,934	0.40
Farming and Livestock	199,806	0.43	154,015	0.10	155,107	0.39	68,163	0.08
Forestry	82,391	0.18	1,734	0.00	27,935	0.07	9	0.00
Fishery	14,010	0.03	343,478	0.23	6,588	0.01	263,762	0.32
Industry	12,430,773	26.78	93,956,535	61.33	11,570,309	28.83	49,646,367	59.99
Mining and Quarrying	320,570	0.69	928,731	0.61	182,761	0.46	638,665	0.77
Manufacturing Industry	8,203,756	17.68	83,044,828	54.21	7,177,334	17.89	42,317,411	51.13
Electricity, Gas, Water	3,906,447	8.41	9,982,976	6.51	4,210,214	10.48	6,690,291	8.09
Construction	7,523,221	16.21	21,058,983	13.75	4,445,354	11.08	11,176,868	13.51
Services	25,875,351	55.75	36,774,135	24.00	23,731,693	59.14	21,466,661	25.94
Wholesale and Retail Trade	15,532,556	33.47	18,241,371	11.91	15,100,474	37.63	10,399,723	12.57
Hotel and Restaurant Services	450,043	0.97	1,876,235	1.22	329,800	0.82	1,025,193	1.24
Transport and Communications	3,083,759	6.64	7,462,048	4.87	2,391,187	5.96	4,047,046	4.89
Financial Institutions	4,552,217	9.81	7,488,074	4.89	3,999,311	9.97	3,902,525	4.72
Real Estate and Rental Services.	1,418,580	3.06	1,145,172	0.75	1,286,329	3.21	1,539,488	1.86
Self-Employment Services	502,777	1.08	239,200	0.16	383,396	0.96	102,698	0.12
Education Services	73,900	0.16	5,300	0.00	57,331	0.14	1,426	0.00
Health and Social Services	261,519	0.56	316,735	0.20	183,865	0.45	448,562	0.54
Other	287,375	0.62	913,986	0.59	191,389	0.48	136,202	0.16
Total	46,412,927	100.00	153,202,866	100.00	40,128,375	100.00	82,758,032	100.00

a.7. Non-cash Loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans	44,808,126	149,073,900	1,348,485	2,966,747
Letters of Guarantee	44,450,198	82,704,571	1,342,094	2,815,220
Bank Acceptances	111,350	13,680,617		13,906
Letters of Credit	238,246	48,492,541	6,391	135,126
Endorsements				
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties	8,332	4,196,171		2,495

b. Information on derivative financial instruments:

The derivative transactions of the Group mainly consist of money and interest swaps and forward foreign exchange purchase and sale transactions. In addition to these, money, interest and security options and futures transactions are also performed. Although the Group's derivative transactions accounted for trading purposes, there are derivative transactions that are accounted for trading purposes, as all the conditions required to be defined as an item suitable for financial risk hedge accounting are not fulfilled, although they provide economic hedging. On the other hand, derivative transactions, which are carried out to protect against changes in the fair values of financial instruments and have all the necessary conditions for their evaluation within the scope of hedge accounting, are classified as hedging purposes.

c. Explanations Related to Contingencies and Commitments:

The balance of the “Other Irrevocable Commitments” account, which comprised the letters of guarantees, guarantees and commitments submitted by the Group pursuant to its own internal affairs, and guarantees given to third parties by other institutions in favor of the Parent Bank and the commitments due to housing loans extended within the scope of unfinished house projects followed, amounts to TL 22,140,568.

The cheques given to customers is presented under off balance sheet commitments, as per the related regulations is amounting to TL 3,291,900 in case the cheques presented for payment to beneficiaries are not covered, the Parent Bank will be obliged to pay the uncovered amount up to TL 1,680 (in exact TL amount) for the cheques that are subject to the Law numbered 3167 on “the Regulation of Payments by Cheque and Protection of Cheque Holders”, and up to TL 2,670 (in exact TL amount) for the cheques that are subject to the “Cheque Law” numbered 5941, The uncollected amount will be followed under “Indemnified Non-Cash Loans.

d. Explanations related to transactions made on behalf of or on the account of others:

It is explained in Note X under Section Four.

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IV. Disclosures and Footnotes on the Consolidated Income Statement

a. Interest Income

a.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans ⁽¹⁾				
Short-term Loans	10,115,449	1,588,844	5,585,757	1,010,925
Medium and Long-term Loans	24,465,421	11,164,912	18,118,672	9,229,416
Interest on Non-performing Loans	1,052,273	27,808	718,313	104,940
Premiums Received from State Resource Utilization Support Fund				
Total	35,633,143	12,781,564	24,422,742	10,345,281

⁽¹⁾ Includes fee and commission income on cash loans.

a.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey				3,006
Domestic Banks	576,388	42,304	372,578	31,273
Foreign Banks	31,929	35,400	12,265	69,700
Foreign Head Offices and Branches				
Total	608,317	77,704	384,843	103,979

a.3. Information on interest income from securities:

	Current Period		Current Period	
	TL	FC	TP	YP
Financial Assets at Fair Value through Profit and Loss	88,439	79,777	41,768	16,589
Financial Assets at Fair Value through Other Comprehensive Income	8,946,071	1,855,274	5,731,532	1,277,397
Financial Assets Measured at Amortized Cost	6,317,828	211,778	4,314,904	183,466
Total	15,352,338	2,146,829	10,088,204	1,477,452

a.4. Information on interest income received from associates and subsidiaries:

	Current Period	Priod Period
Interest Received From Affiliates and Subsidiaries	409,963	292,070

b. Interest Expense

b.1. Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	689,455	1,279,070	459,129	1,163,241
Central Bank of Turkey				1,667
Domestic Banks	426,628	184,463	263,899	126,911
Foreign Banks	262,827	1,094,607	195,230	1,034,663
Foreign Head Offices and Branches				
Other Institutions	1,088	642,502	1,757	720,852
Total (1)	690,543	1,921,572	460,886	1,884,093

⁽¹⁾ Includes fee and commission expenses from cash loans.



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b.2. Information on interest paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	108,487	36,112

b.3. Information on interest paid on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued	1,611,372	4,437,045	1,284,341	3,449,048

b.4. Information on Interest Expense on Deposits According to Maturity Structure:

Current Period	Demand Deposits	Time Deposits						Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year	Accumulated Deposits	
TL								
Bank Deposits		236,834	109,341					346,175
Savings Deposits	10	1,089,360	10,622,231	622,976	87,086	115,091	645	12,537,399
Public Sector Deposits		1,257	11,337	328	47	9		12,978
Commercial Deposits	58	1,799,009	2,068,714	58,396	283,679	3,184		4,213,040
Other Institutions Deposits		44,565	438,198	51,297	446	4,064		538,570
Deposits with 7 Days Notice								
Total	68	3,171,025	13,249,821	732,997	371,258	122,348	645	17,648,162
FC								
Foreign Currency Deposits	1,091	31,584	192,184	9,973	8,551	116,522	1	359,906
Bank Deposits	8,345	389	566	1,289	7,785	6,774		25,148
Deposits with 7 Days Notice								
Precious Metals Deposits			3,363	411	10,611	637		15,022
Total	9,436	31,973	196,113	11,673	26,947	123,933	1	400,076
TOTAL	9,504	3,202,998	13,445,934	744,670	398,205	246,281	646	18,048,238

Prior Period	Demand Deposits	Time Deposits						Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year	Accumulated Deposits	
TL								
Bank Deposits	74	114,903	67,871	4,170	772			187,790
Savings Deposits	1	516,129	5,217,171	212,256	50,900	95,003	817	6,092,277
Public Sector Deposits		571	4,704	363	9	11		5,658
Commercial Deposits	24	875,858	1,224,253	35,415	138,972	5,388		2,279,910
Other Institutions Deposits	1	33,334	239,748	31,626	7,996	385		313,090
Deposits with 7 Days Notice								
Total	100	1,540,795	6,753,747	283,830	198,649	100,787	817	8,878,725
FC								
Foreign Currency Deposits	838	38,181	318,262	25,402	15,603	160,392	12	558,690
Bank Deposits	5,902	1,743	2,065	1,940	2,553	15,237		29,440
Deposits with 7 Days Notice								
Precious Metals Deposits			2,332	453	12,719	1,105		16,609
Total	6,740	39,924	322,659	27,795	30,875	176,734	12	604,739
TOTAL	6,840	1,580,719	7,076,406	311,625	229,524	277,521	829	9,483,464

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c. Explanations on dividend income:

	Current Period	Prior Period
Financial Assets with Fair Value Differences Recognized in Profit/Loss	47,533	7,507
Financial Assets with Fair Value Differences Recognized in Comprehensive Income	20,057	23,381
Other	958	169
Total	68,548	31,057

d. Information on trading profit/losses (Net):

	Current Period	Prior Period
Profit	2,033,732,717	694,246,386
Securities Trading Gains	42,406,767	42,701,725
Gains on Derivative Financial Instruments (1)	47,875,675	29,789,564
Foreign Exchange Gains	1,943,450,275	621,755,097
Losses (-)	2,033,029,265	695,453,155
Securities Trading Losses	40,524,089	41,473,540
Losses on Derivative Financial Instruments (1)	48,055,434	39,928,485
Foreign Exchange Losses	1,944,449,742	614,051,130
Trading Income/Losses (Net)	703,452	(1,206,769)

⁽¹⁾ Income arising from foreign currency changes related to derivative transactions amounting TL 39,998,909 and the losses amounting TL 40,803,221 and the amount of net loss is TL 804,312 (December 31, 2020: profit TL 10,143,156 loss TL 19,824,032 and net loss amount TL 9,680,876)

e. Information on other operating income:

As at reporting period, TL 10,723,838 of other operating income sources from inclusion and classification of operations of insurance and reinsurance companies; 88% of which is from insurance premiums. (December 31, 2020: TL 8,835,512 , 91%). The remaining amount mainly consists of expected credit loss reversals or collections from Stage 3 loans, and income from fees received from customers in return for various banking services and sales of fixed assets.

f. Information on expected credit loss and other provision expense:

	Current Period	Prior Period
Expected Credit Loss	12,667,759	11,379,112
Expected Credit Loss for 12 Months (Stage 1)	1,683,950	1,631,142
Significant Increase in Credit Risk (Stage 2)	4,533,215	4,648,360
Non-Performing Loans (Stage 3)	6,450,594	5,099,610
Impairment Losses on Marketable Securities	21,627	20,047
Financial Assets at Fair Value through Profit and Loss	14,145	2,129
Financial Assets at Fair Value Through Other Comprehensive Income	7,482	17,918
Impairment Losses on Associates, Subsidiaries and Joint-Ventures		
Associates		
Subsidiaries		
Jointly Controlled Entities		
Other ⁽¹⁾	4,121,104	2,750,881
Total	16,810,490	14,150,040

(1) Includes provision expense for impairment of financial assets at fair value through profit or loss and free provision expense amounting to TL 1,200,000.



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g. Other operating expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits	190,474	168,124
Bank Pension Fund Deficit Provisions	1,892,381	758,429
Impairment Losses on Tangible Assets	5,795	
Depreciation Expenses of Tangible Assets	802,974	686,592
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill	35,974	
Amortization Expenses of Intangible Assets	453,413	324,296
Impairment Losses on Investments Accounted Under Equity Method		
Impairment Losses on Assets to be Disposed		5,320
Depreciation Expenses of Assets to be Disposed		
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations	70	1,306
Other Operating Expenses	4,972,087	3,739,903
Leasing Expenses Related to Exceptions to IFRS 16	153,700	132,158
Repair and Maintenance Expenses	331,078	265,704
Advertisement Expenses	362,939	249,311
Other Expenses	4,124,370	3,092,730
Loss on Sale of Assets	2,056	1,854
Other	14,310,652	9,192,141
Total	22,665,876	14,877,965

⁽¹⁾ The Group's expenditure within the scope of donation, aid and social responsibility projects in the current period is TL 79,971 (31.12.2020: TL 104,006).

In the table above, TL 11,565,656 of the operating expenses in the “Other” group arises from the insurance and reinsurance companies because of the classification of their activities in the "Other" group, and significant portion of the related expenses is compensation expenses paid (December 31, 2020: TL 7,247,084). The Group's fees, taxes, duties and fund expenses amounting to TL 731,958 are other expense items in the current period "Other" group.

h. Information on provision for taxes from continuing and discounted operations

The Group's profit before tax arises from continuing operations. As of 31.12.2021, the profit before tax consists of TL 36,918,823 of net interest income, TL 6,691,855 of net fees and commission income, and the total of personnel expenses and other operating expenses is TL 30,381,409.

h1. Explanations on net profit / loss of continued and discontinued operations:

As of 31.12.2021, the Group's tax provision amounting to TL 3,389,061 consists of current tax provision of TL 2,621,921 and deferred tax income of TL 767,140. The Group does not have any discontinued operations.

h2. Explanations on net profit / loss of continued and discontinued operations:

The net profit of the Group from its ongoing operations as of 31.12.2020 is TL 15,560,258.

i. Information on net period profit/loss:

i.1. Income and expenses resulting from ordinary banking activities: There is no specific issue required to be disclosed for the Group's performance for January 1, 2021-December 31, 2021.

i.2. Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

i.3. “The Other” item which is located at the bottom “Fees and Commissions Received” in the income statement consist of various fees and commissions received from transactions such as credit card transactions, capital market transactions and insurance-reinsurance transactions.

i.4. Net profit / loss of Minority Interest:

	Current Period	Prior Period
Net Profit / Loss of Non-controlling Interest	2,019,198	1,096,310

j. Explanation on other items in income statement

Other items do not exceed 10% of the total amount of the income statement.

k. Fees for services received from an independent audit firm

In accordance with the decision of KGK dated 26.03.2021, the fees for the reporting period regarding the services received from the independent auditor or independent audit firm are given in the table below. In addition to the Bank, the fees for services rendered to the Bank's domestic/foreign subsidiaries and jointly controlled partnerships are included in the aforementioned fees, which are stated as VAT excluded.

	Current Period	Prior Period
Independent Audit Fee for the Reporting Period	22,282	18,148
Other Assurance Services and Other Non-Audit Fees	5,709	2,898
Total	27,991	21,046

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V. Disclosures and Footnotes on Consolidated Statement of Changes in Shareholders’ Equity

The paid-in capital is TL 4,500,000 in legal records. As of balance sheet date, the balance of legal reserves is TL 5,834,300 the balance of extraordinary reserves is TL 225,558 and the balance of statutory reserves is TL 45,323,776.

The effect of a total revaluation increase of TL 2,692,577, which was formed as a result of revaluation of real estate for use in the current period, on the Group's shareholders' equity is shown in the column “Increase / Decrease in the Accumulated Revaluation of Fixed Assets” by clarifying the deferred tax effect of TL 167,952.

The details of revaluation surplus account of securities are shared in the Note Section V-II-I-9. TL (145,608) of this amount is the deferred tax effect on marketable securities at fair value through other comprehensive income (December 31, 2020: TL (304,453)).

VI. Disclosures and Footnotes on the Consolidated Statements of Cash-Flows

The consolidated operating profit of TL 24,798,475 before the changes in operating assets and liabilities mostly comprised of TL 61,253,858 of interest received from loans and securities, and TL 31,171,346 of interest paid on deposits, money market transactions and funds borrowed by the Bank. An important part of other revenues, TL 8,259,735 consists of premium collections of insurance companies. The account “Other” classified under operating profit other than fees and commissions paid, cash payments to personnel and service suppliers and taxes paid consists of other operating expenses and foreign exchange gains/losses accounts is TL (10,686,634) (December 31, 2020: TL (8,265,460)).

Net Increase (Decrease) in Other Liabilities account classified in changes of assets and liabilities resulting from the changes in Funds Provided Under Repurchase Agreements, miscellaneous payables, other liabilities and taxes, duties, charges, and premiums is decreased by TL 49,287,428 (December 31, 2020: TL 33,362,942 decrease).

The Net Cash Provided from Other Investing Activities account includes net cash flows from the sale of intangible assets and declined by TL 922,250 (December 31, 2020: TL 752,504 decrease).

The effect of changes in foreign exchange rates on cash and cash equivalents is on the positive side TL (1,317,136) (31.12.2020: TL 1,239,044) as of December 31, 2021. Due to the high rate of turnover of related foreign currency assets, the difference between the last 30 days’ arithmetic average of currency exchange rates and the year-end currency exchange rate is used to calculate the effect of change in foreign exchange rate. Under the same assumption, the effect of change in foreign exchange rate on cash and cash equivalents is calculated.

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, money market operations as well as demand deposits and time deposits up to 3 months are defined as cash and cash equivalents.

Cash and cash equivalents at beginning of period:

	December 31, 2020	December 31, 2019
Cash	32,519,831	29,663,454
Cash in TL and Foreign Currency	9,136,817	5,519,980
Central Bank of Turkey and Other	23,383,014	24,143,474
Cash Equivalents	19,801,714	18,075,154
Receivables from Money Market Operations	2,179,919	1,166,865
Banks’ Demand Deposits and Time Deposits Up to 3 Months	17,621,795	16,908,289
Total Cash and Cash Equivalents	52,321,545	47,738,608

The total amount resulting from the transactions made in the previous period shows the total cash and cash equivalents as of the beginning of the current period.

Cash and Cash equivalents as of end of the period:

	December 31, 2021	December 31, 2020
Cash	96,316,663	32,519,831
Cash in TL and Foreign Currency	14,862,587	9,136,817
Central Bank of Turkey and Other	81,454,076	23,383,014
Cash Equivalents	36,005,939	19,801,714
Receivables from Money Market Operations	2,950,824	2,179,919
Banks’ Demand Deposits and Time Deposits Up to 3 Months	33,055,115	17,621,795
Total Cash and Cash Equivalents	132,322,602	52,321,545



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VII. Disclosures And Footnotes On The Group’s Risk Group

a. Information on the volume of transactions relating to the Group’s risk group, incomplete loan and deposit transactions and period’s profit and loss:

a.1. Information on loans held by the Group’s risk group:

Current Period:

Group’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	2,857,404	9,877,588			1,232,269	495,030
Balance at the end of the period	2,402,860	16,824,670			1,916,562	608,306
Interest and commission income received	409,863	2,468			168,639	4,397

Önceki Dönem:

Group’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	218	5,999,538			2,963,240	884,605
Balance at the end of the period	2,857,404	9,877,588			1,232,269	495,030
Interest and commission income received	292,070	1,638			103,258	2,309

a.2. Information on deposits held by the Group’s risk group:

Current Period:

Group’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	Direct and Indirect Shareholders of the Bank	Other Real Persons and Corporate Bodies that have been Included in the Risk Group
	Current Period	Current Period	Current Period
Deposits			
Balance at the beginning of the period	7,520,649	157,226	1,153,201
Balance at the end of the period	10,076,451	302,826	1,710,018
Interest expense on deposits	108,487	25,060	62,988

Prior Period:

Group’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	Direct and Indirect Shareholders of the Bank	Other Real Persons and Corporate Bodies that have been Included in the Risk Group
	Prior Period	Prior Period	Prior Period
Deposits			
Balance at the beginning of the period	932,049	8,896	7,802,825
Balance at the end of the period	7,520,649	157,226	1,153,201
Interest expense on deposits	36,073	4,833	76,599

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a.3. Information on forward and option and other similar agreements made with the Group’s risk group:

Group’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions in which the Difference in Fair Value is Reflected in Profit or Loss						
Balance at the beginning of the period						
Balance at the end of the period	422.104					
Total Profit/Loss	7.737				(2.052)	
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						

b. Disclosures for the Group’s risk group:

In accordance with the relevant decision of the Banking Regulation and Supervision Agency, the special purpose entity and the mentioned company’s subsidiary Türk Telekom A.Ş., are not included in the Bank’s risk group, where details are disclosed in Section V, footnote I.b.3 and I.o.

b.1. The relations of the Group with corporations in its risk group and under its control regardless of whether there are any transactions between the parties:

All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

b.2. The type and amount of transaction carried out, and its ratio to the overall transaction volume, values of principal items and their ratios to overall items, pricing policy and other items in addition to the structure of the relationship:

The transactions carried out are mainly loan and deposit transactions, The ratio of loans extended to the risk group to the overall loans is 0.76%, while the ratio to the overall assets is 0.38% the ratio of deposits of the risk group corporations to the overall deposits is 1.96%, while the ratio to overall liabilities is 1.08%, The comparable pricing method is used for the transactions.

b.3. Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals and management agreements:

The Parent Bank’s branches act as agents of Anadolu Anonim Türk Sigorta Şirketi and Anadolu Hayat Emeklilik A.Ş. Furthermore, through its branches, the Bank mediates the order transmission for İş Yatırım Menkul Değerler A.Ş. and carries out agency activities of İş Portföy Yönetimi A.Ş. 32 mutual funds which are founded by the Anadolu Hayat Emeklilik A.Ş. are managed by İş Portföy Yönetimi A.Ş. Securities purchases, when required, are made by İş Finansal Kiralama A.Ş., a subsidiary of the Bank, through leasing.

If requested, the cash and non-cash loan needs of the risk group companies are met in accordance with the limits imposed by Banking Law and the prevailing market conditions.

c. Total salaries and similar benefits paid to the (executive members and senior executives)

In the current period, the net payment provided to the key management of Group amounts TL 167,759 (December 31, 2020: TL 135,024).

VIII. Disclosures on the Group’s Domestic, Foreign, Off-Shore Branches or Participations and Representative Offices

The Parent Bank – Türkiye İş Bankası A.Ş.

	Number	Employees	Country of Incorporation	Total Assets	Legal Capital
Domestic Branches(1)	1,174	22,470			
			China		
Foreign Representative Offices	1	3	Egypt		
	1	2			
Foreign Branches	2	45	England	41,179,719	1,765
	14	205	TRNC	15,362,143	80,000
	2	39	Iraq	4,401,749	588,024
	2	32	Kosovo	2,322,319	148,390
	1	6	Bahrain	10,609,478	
Off-Shore Branches					

⁽¹⁾ The Branches located in Free Trade Zones in Turkey are included among domestic branches.



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İşbank AG

	Number	Employees	Country of Incorporation	Total Assets	Legal Capital
Domestic Branches (1)	9	149			
Foreign Representative Offices					
Foreign Branches	1	7	Netherlands	2,529,933	
Off-Shore Branches					

⁽¹⁾ The branches of the company, which is headquartered in Germany, in Germany are shown as domestic branches.

Milli Reasürans T.A.Ş.

	Number	Employees	Country of Incorporation	Total Assets	Legal Capital
Domestic Branches	1	201			
Foreign Representative Offices					
Foreign Branches					
Off-Shore Branches	1	12	Singapore	535,010	400,590

JSC İşbank

	Number	Employees	Country of Incorporation	Total Assets	Legal Capital
Domestic Branches (1)	3	94			
Foreign Representative Offices					
Foreign Branches					
Off-Shore Branches					

⁽¹⁾ The branches of the company, which is headquartered in Moscow, in Russia are shown as domestic branches.

JSC İşbank Georgia

	Number	Employees	Country of Incorporation	Total Assets	Legal Capital
Domestic Branches (1)	2	63			
Foreign Representative Offices					
Foreign Branches					
Off-Shore Branches					

⁽¹⁾ The branches of the company, which is headquartered in Tiflis, in Georgia are shown as domestic branches.

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Number of employees of consolidated companies that does not have agencies and branches abroad:

	Employees
Anadolu Anonim Türk Sigorta Şirketi	1,436
Anadolu Hayat Emeklilik A.Ş.	1,029
Efes Varlık Yönetimi A.Ş.	124
İş Faktoring A.Ş.	114
İş Finansal Kiralama A.Ş.	141
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	66
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	5
İş Portföy Yönetimi A.Ş.	69
İş Yatırım Menkul Değerler A.Ş.	438
İş Yatırım Ortaklığı A.Ş.	5
Maxis Girişim Sermayesi Yatırım Ortaklığı A.Ş	13
Maxis Investments Ltd (1)	9
Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.	39
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	11
Türkiye Sınai Kalkınma Bankası A.Ş.	408
Yatırım Finansman Menkul Değerler A.Ş.	131

⁽¹⁾ The Company, which is headquartered in London, does not have any branch or representative office beside its head office. Yatırım Varlık Kiralama A.Ş. which is included to scope of consolidation during the current period does not have any employees.

IX. Subsequent Events

Within the scope of the decision of the Board of Directors regarding the issue of debt instrument on September 6, 2021, the Bank issued a financial bond with a nominal value of TL 2,562,362 after December 31, 2021.

Section Six: Other Explanations

I. Explanations On The Group's Credit Ratings:

Türkiye İş Bankası A.Ş.	Rating	Outlook (*)
MOODY'S		
Long-term Foreign Currency Deposit	B3	Negative
Long-term Local Currency Deposit	B3	Negative
Long-term Foreign Currency Senior Debt	B3	Negative
Short-term Foreign Currency Deposit	Not-Prime	-
Short-term Local Currency Deposit	Not-Prime	-
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	B+	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Stable
Viability Rating	b+	-
Support Rating	b-	-
STANDARD & POOR'S		
Long-term Counterparty Credit Rating	B+	Negative
Short-term Counterparty Credit Rating	B	-
Long-term National Scale Rating	trA+	-
Short-term National Scale Rating	trA-1	-

The dates when the Bank's credit ratings/outlooks were last updated are given below:

Moody's: December 10, 2020, Fitch Ratings: December 10, 2021, Standard & Poor's: December 15,2021



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İş Finansal Kiralama A.Ş.	Rating	Outlook (*)
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	B+	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+(tur)	Stable
Support Rating	4	-

The date when the credit ratings/outlooks of İş Finansal Kiralama A.Ş were last updated are given below:

Fitch Ratings: 10.12.2021

Türkiye Sınai Kalkınma Bankası A.Ş.	Rating	Outlook (*)
MOODY'S		
Baseline Credit Assessment	caa1	-
Long-term Foreign Currency Issuer Rating	B3	Negative
Short-term Foreign Currency Issuer Rating	Not-Prime	-
Long-term Local Currency Issuer Rating	B3	Negative
Short-term Local Currency Issuer Rating	Not-Prime	-
Senior Unsecured Debt Foreign Currency Issuer Rating	B3	Negative
Foreign Currency GMTN Program Rating	(P)B3	-
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	BB-	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
Long-term National Rating	AA	Stable
Support Rating	4b	-
Subordinated Debt Rating	B-	-
Financial Capacity Rating	b+	-

The date when the credit ratings/outlooks of TSKB were last updated are given below:

Moody's: September 11, 2020, Fitch Ratings: December 10, 2021

(*) Outlook:

“Stable” indicates that the current rating will not be changed in the short term; “positive” indicates that the current rating is very likely to be upgraded and “negative” indicates that the current rating is very likely to be downgraded.

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Section Seven: Explanations On The Independent Auditors’ Report

I. Explanations on the Independent Auditors’ Report:

The consolidated financial statements and disclosures for the year ended December 31, 2021 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) and the independent auditor'sreport dated February 8, 2022, is presented preceding the consolidated financial statements.

II. Explanations and Footnotes of the Independent Auditors Report

There are no significant issues or necessary disclosures or notes in relation to the Group’s operations other than those mentioned above.



Projects to Improve Customer Experience

Below are some of the products and services developed in 2021 by taking customer suggestions and feedback into consideration:

Personal Banking

Transaction Convenience for Foreign Nationals

It is now possible for natural persons with foreign nationality to pay bills at Bankamatik ATMs using the cardless menu.

Buying a Package with Maximum Mobile

Customers can now top up / buy a package via the Maximum Mobile channel.

Monthly Safe Deposit Box Rental

It is now possible to rent safe deposit boxes for monthly periods as well. Development activities have been completed so that safe deposit boxes can be rented on a monthly basis and the fees for the safe deposit box can be collected via credit card.

HGS Improvements

Improvements have been made regarding transaction failures/errors during HGS sales, top up transactions without an automatic payment order, and the digital approval process.

Passport IDs

It is now possible for customers who are registered in the Bank's systems with a "Passport" type ID and whose "Valid until" field is populated to send/receive money via Western Union.

Bill Payment at Bank Office

Following the change in legislation regarding fees that can be charged to financial consumers and commercial customers put into effect in 2020, bill payment services at Branches were temporarily stopped so that transaction fees could be charged in accordance with the legislation. This service was reactivated on 7 April 2021 upon completion of the required development work.

Personal Loans

COVID-19 Support

As an increased number of businesses were closed due to the impact of both higher interest rates and the pandemic, the Bank decided to restructure loans and defer loan payments for 3 months, with interest applied at the current rate of the loan, for those customers applying for a loan restructuring until September 2021 in order to minimize the impact of the COVID-19 pandemic on businesses.

Natural Disaster Support

The Bank has offered customers affected by the floods and fires in Turkey the opportunity to defer their Consumer Loan and Overdraft account payments interest-free for up to 3 months.

Digital Banking

İşCep View Preferences

Following redesign of the İşCep app, development work continued to offer an even better experience based on the suggestions from customers. The light-blue mode, theme and text size settings in the "View Preferences" menu item under the "Profile and Settings" menu of İşCep can now be customized by the user. In addition, you can now quickly access the "Sign out" button under "Profile and Settings" to securely sign out of your account on İşCep.

Sending Money to Other Banks with FAST-7/24 (İşCep, Internet Branch)

With the new payment system FAST, you can now send TL to accounts in other domestic banks on a 24/7 basis. We have added functionality to our digital channels so that you can send money to recipients at other banks via your saved list of recipients, registered easy addresses or IBAN and monitor your transaction. Furthermore, the option to transfer money to a registered easy address during wire transfer and EFT processes is offered.

Update Information (İşCep, Internet Branch)

With the "Update Information" option added to İşCep, personal customers can now update their e-mail address, phone number and address details registered at İşbank. The option, which was already available on Internet Branch, has been renewed in parallel with İşCep to improve the customer experience.

Signing In to the Commercial Internet Branch with the Approve Button

As part of the development work carried out to improve the customer experience, customers can sign in to their Commercial Internet Branch by pressing the "Approve" button appearing with the instant notification sent to their mobile phone.

Card Contract Approval (İşCep, Internet Branch) The digitalization of the contracts in the credit card application process in İşCep and Internet Branch has been completed.

Taking a Queue Ticket at a Bank Branch (İşCep)

Customers can now use İşCep to take a queue ticket without going to the branch, see the number of people waiting and track the estimated wait time.

İstanbulkart Transactions (İşCep)

Personal customers can now top up their İstanbulkart, query current balance on their card and perform update transactions on İşCep.

SWIFT FX Transfer Query/Cancellation/Outcome (İşCep)

You can now view, monitor and cancel your FX transfers via İşCep.

Secure Vehicle Purchase-Sales (İşCep Personal, İşCep Commercial)

Preparations have been completed so that the used car purchase-sales transactions carried out via a notary public can be completed via İşCep following introduction of this service in Internet Branch.

E-mail Verification (Commercial Internet Branch)

When commercial customers click on Accounts on their Commercial Internet Branch, an additional screen is displayed with directions to verify their e-mail address. The purpose of this verification was to increase the number of verified e-mail addresses of commercial customers in İşbank's systems. Since documents containing sensitive data are sent to verified e-mail addresses, customers are expected to keep their e-mail address up-to-date and verified.

Nearest İşbank Widget (İşCep)

The "Nearest İşbank" widget has been added to the widgets on the home screen in iOS 14 for easy access to frequently used information. This allows users to quickly find information about the nearest Branch and Bankamatik ATM. Youth Savings Account (İşCep, Internet Branch) For people aged 18-26 years, a new time deposit account product has been added to the menus.

Chargeback to a Credit Card Transaction and Chargeback Monitoring (İşCep)

Customers can now submit their chargeback to a spending, cash withdrawal or money transfer transaction done with their İşbank credit cards and Bankamatik cards to the Bank via İşCep. Customers can also monitor the current status of their chargebacks via İşCep.

Anadolu Sigorta-Policy Cancellation (İşCep-Insurance) With the Policy Cancellation menu, it is now possible to cancel policies. The menu redirects the customer to Anadolu Sigorta's application so that they can cancel their insurance policy.

Instant POS Application

Fully authorized users of corporate customers (legal entities) can now submit an Instant POS application and quickly complete their transactions.

Addition of an Automatic Limit Increase Order to Card Use Preferences (İşCep, Internet Branch)

The automatic limit increase order feature has been added to İşCep.

Directions to Issue "Üstü Kalsın" (Keep the Change) Order with Maxi (İşCep- iOS)

Customers can now follow the directions to submit an order for the Üstü Kalsın (Keep the Change) service from Maxi.

Show/Hide Balance (Bankamatik ATM)

The "Show/Hide My Balance" function has been added.

Regular Savings Order on İşCep

The Regular Savings Order application, which was already available in İşbank branches and Internet Branch and allows the regular transfer of money from demand deposit accounts to time deposit accounts on the maturity date of the time deposit account, is now also available via İşCep channels as of 30.12.2021.

Redirecting to the My Receipts Page with the My Receipts Button Shown After Transactions (İşCep)

You can use this field to share a receipt at the end of a transaction.

Switch to Supplier Finance Application (Commercial Internet Branch)

Firms and their users with the Supplier Finance authorization can switch to the platform on tf.isbank.com.tr with a single session on Commercial Internet Branch. This integration makes it possible for firms and their suppliers to create financing based on their invoice transactions.



Projects to Improve Customer Experience

Payment Collection/Refund/Cancellation with QR Code

Customers will be able to complete their shopping payments without using a physical card by scanning a QR Code generated in the POS terminal during checkout. When the integration is completed, shopping refund - cancellation transactions will be possible using the İşCep application to scan QR Codes generated by İşbank POS terminals.

E-mail Verification (İşCep Personal)

A function has been added that allows e-mail addresses with Unconfirmed and Branch-Confirmed status to be verified via İşCep.

Improvement of Experience on Instant Commercial Loan Screens

The Instant Commercial Loan Application function has been redesigned to improve the customer experience.

"Contact Us" Improvement

İşCep has been redesigned so that records of customer feedback provided via İşCep will be displayed as a screen from within İşCep.

IBAN Reading from FAST-Camera

During money transfers with IBAN, upon clicking the camera icon on the screen, the camera opens and allows the IBAN number to be automatically detected and used from paper.

Direction to Issue "Üstü Kalsın" (Keep the Change) Order with Maxi from İşCep (Android)

Customers can now follow the directions to issue an order for the Üstü Kalsın (Keep the Change) service from Maxi.

Viewing İş Magazine from İşCep

İş Magazine has been added to İşCep's "Main Menu", viewable only by members of the Bank.

Addition of FX Rates Info Text on the Sign-in Screen

An artificial intelligence-controlled information text has been added to the İşCep sign-in screen which states "You can perform FX transactions with special rates just for you".

Send Money/Request Money (Personal/Commercial)

The Request Money menu can now be used to create a QR Code for demand accounts by either entering or not entering an amount. Money transfers up to TL 1,000 to both İşbank and other banks can be performed on a 24/7 basis.

Viewing Account Details on the Sign-in Screen (Personal)

You can set your favorite account details via the "My Account Details/Show" menu and display them on the İşCep sign-in screen for 90 days without needing to enter your password. In order to ensure customer security, Sign-in Screen preferences can only be changed via saved devices, and account details are shown only on one registered device.

Viewing Investment Account Statement (Personal)

You can now view your investment account statement via İşCep.

Addition of Search and Time Information in the Description Field of Account Statements (Personal/Commercial)

Time information has been added to the transactions of a selected account in İşCep. You can search for a transaction description by using the detailed filtering field.

Anadolu Sigorta-Mobile Phone Insurance (Personal)

Mobile Phone Insurance has been added to the Insurance menu of İşCep. Customers who want to buy insurance can connect to the Anadolu Sigorta application or browser and query transactions for their mobile phone.

Moneybox Fund Transactions

With İşCep, it is now possible for customers to open a Moneybox fund account on behalf of their children and buy/sell Moneybox funds.

Unblocking MCC on Sign-in Screen (İşCep)

With the Security Operations menu added to the sign-in screen of İşCep, customers can remove mobile confirmation code blocking, which is imposed following a change of SIM card/network provider, by scanning their ID card with NFC and verifying their identification via facial recognition.

Updating Commercial Profile (İşCep)

On the Commercial İşCep app, commercial customers can update their firm and user e-mail address and mobile phone number and view the firm's registered head office address.

Cash Flow (Commercial İşCep)

The Cash Flow screen on Commercial Internet Branch has also been added to Commercial İşCep. Thus, commercial customers can now view their future-dated time deposit accounts, POS receivables, loan and e-invoice payments in daily and weekly views in the cash flow table on this screen.

Use of HIZIR (İşCep)

The HIZIR feature, which allows customers to restructure their credit card debts, has been added to İşCep.

ÇekCepte (Çekmatik) Transaction (Commercial İşCep)

By scanning the QR code of a cheque, you can instantly learn whether a cheque discount credit can be borrowed in return for the cheque.

My Car (İşCep)

Transactions such as payments and insurance that customers can perform for their vehicles have been grouped under the My Car menu.

My Home (İşCep)

Customers can now quickly access all banking services related to their homes from a single menu.

Private Pension AHE SSO (Internet Branch)

Customers can access Anadolu Hayat Emeklilik's website without entering any other details on Internet Branch.

Showing Account Details on the Sign-in Screen (Commercial İşCep)

The function, which was made available for use by personal customers with the previous version of İşCep, has also been introduced to commercial customers with the new release of İşCep. The account details set as favorites in the İşCep "My Account Details/Show" box can be displayed for 90 days without entering a password.

Logging into Digital Vault (İşCep)

Customers can quickly log into the Digital Vault from within İşCep without entering their password. Customers without a Digital Vault account can easily register by simply approving contracts without entering their customer details.

Customers who do not have the Digital Vault app installed on their device will be redirected to the app stores to quickly download the application.

Objection to Spending (Internet Branch)

Customers can now submit their objections to a spending, cash withdrawal or money transfer transaction done with their İşbank credit cards and Bankamatik cards to the Bank via Internet Branch.

BTCTürk Payment (İşCep)

Customers can transfer money from İşCep to BTCTürk, a crypto market, on a 24/7 basis.

Private Pension for My Child and Life Insurances (İşCep)

With the "Private Pension for My Child" and "Life Insurances" (Comprehensive Life Insurance, Critical Disease Insurances) menus added to İşCep, customers can connect to the AHE Mobile app or browser to instantly buy products.

Anadolu Sigorta - My Offers (İşCep)

With the "My Offers" menu added to the Insurance menu in İşCep, customers can connect to the Anadolu Sigorta application or browser and instantly buy insurance policies.



Activities for which Support Services are Received in Accordance with the Regulation on Procurement of Support Services for Banks

- Support services received from Aras Kurye Servisi A.Ş. for delivery of card products to our customers' addresses,
- Support services received from Aras Kurye Servisi A.Ş. for sending Banking Services Agreements to the addresses of applicants who apply for "Anında Müşteri" and delivering the signed contracts to the Bank,
- Support services received from Atos Müşteri Hizmetleri A.Ş. for sales-oriented external calls,
- Support services received from ATP Ticari Bilgisayar Ağı ve Elektrik Güç Kaynakları Üretim ve Pazarlama Ticaret A.Ş. regarding the transfer of right to use software and documents,
- Support services received from Austriacard Turkey Kart Operasyonları A.Ş. for production and customization of credit cards and debit cards following purchase of credit card and debit card plastics,
- Support services received from Bilişim Bilgisayar Hizmetleri Ltd. Şti. for use of the payment application on Cash Registers,
- Support services received from Brink's Güvenlik Hizmetleri A.Ş. for international transportation,
- Support services received from CMC İletişim ve Çağrı Merkezi Hizmetleri A.Ş. aimed at calling customers and reminding them about deferrals regarding retail loans and credit cards payments;
- Support services received from Comdata Teknoloji ve Müşteri Hizmetleri A.Ş. aimed at calling customers and reminding them about deferrals regarding retail loans and credit cards payments;
- Support services received from Definex Danışmanlık A.Ş. for the development of credit process optimization software,
- Support services received from Definex Danışmanlık A.Ş. for the development of a project loans app, risk center queries and foreign trade processes,
- Support services received from Edata Elektronik San ve Tic A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from E-Kart Elektronik Kart Sistemleri San. Tic. A.Ş. for production and customization of credit cards and debit cards following purchase of credit card and debit card plastics,
- Support services received from Enuygun Com İnternet Bilgi Hizmetleri Teknoloji ve Ticaret A.Ş. for marketing of consumer loans,
- Support services received from Erişim Müşteri Hizmetleri A.Ş. to meet the demands of customers using the telephone branch;
- Support services received from Hangisi İnternet ve Bilgi Hizmetleri A.Ş. for marketing of consumer loans,
- Support services received from Hobim Digital Elektronik Hizmetler A.Ş. for printing and/or enveloping bank statements of the credit cards and contracted merchants, and other documents such as letters and notices,
- Support services received from Hugin Yazılım Teknolojileri San. ve Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from IBM Global Services İş ve Teknoloji Hizmetleri ve Ticaret Ltd. Şti. for system backup of the Disaster Recovery Center located in İzmir,
- Support services received from Iron Mountain Arşivleme Hizmetleri A.Ş. regarding physical archive services,
- Support services received from Iron Mountain Arşivleme Hizmetleri A.Ş. for opening archive boxes, scanning of contracts and uploading them into the Bank's system by firm personnel, in addition to physical archive services,
- Support services received from Ingenico Ödeme Sistem Çözümleri A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Innova Bilişim Çözümleri A.Ş. regarding the use of virtual POS,
- Support services received from Infina Yazılım A.Ş. regarding purchasing, installation, and maintenance of software and support services to be rendered throughout the term of the contract,

- Support services received from İnfoteks Bilgisayar Elektronik Telekom San. Tic. LTD. Şti. for maintenance of and running the Bank's application on cash registers,
- Support services received from İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. regarding provision of required resources for the operation, management and maintenance of data processing application servers and server operating systems, and the operation, management and maintenance of communication networks,
- Support services received from Karbil Yazılım ve Bilişim Teknolojileri Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Key Yazılım Çözümleri A.Ş. regarding expertise software,
- Support services received from Konut Kredisi Com Tr Danışmanlık A.Ş. for marketing of consumer loans,
- Support services received from KKB Kredi Kayıt Bürosu A.Ş. regarding use of Anadolu Data Center hard disk space,
- Support services received from Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş. for delivery of credit card products to customer addresses,
- Support services received from Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş. for delivery of OGS devices to our customers via courier,
- Support services received from Loomis Güvenlik Hizmetleri A.Ş. for transporting cheques, promissory notes, other commercial papers and documents,
- Support services received from Loomis Güvenlik Hizmetleri A.Ş. for transporting cash,
- Support services received from Loomis Güvenlik Hizmetleri A.Ş. for transporting cash abroad,
- Support services received from Loomis Güvenlik Hizmetleri A.Ş. for customer collection, transportation, processing and storage,
- Support services received from Obase Bilgisayar Danışmanlık Hizmetleri Ticaret San. A.Ş. for outsourcing data analytic activities,
- Support services received from Payten Teknoloji A.Ş. regarding secure e-payment infrastructure for electronic commerce,
- Support services received from Plastik Kart Akıllı kart İletişim Sistemleri San. ve Tic. A.Ş. for production and customization of credit cards and debit cards following the purchase of credit card and debit card plastics,
- Support services received from Postkom Basım ve Posta İletişim Hizmetleri A.Ş. for printing and/or enveloping bank statements of credit cards and contracted merchants, and other documents such as letters and notices,
- Support services received from Mikrosaray Mikrobilgisayar Paz. ve Tic. A.Ş. for directing customers to the Bank's branches to upload the Bank's application to cash registers,
- Support services received from Mikrosaray Mikrobilgisayar Paz. ve Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from MT Bilgi Teknoloji Dış Ticaret A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Panorama Bilişim Teknolojileri San. ve Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from R2 Servis Elektrik, Elektronik ve Bilgisayar Teknolojileri San. ve Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic. A.Ş. for information systems management, information systems infrastructure support, software development, project development, business analysis, systems analysis, project and product consulting, and technical support,
- Support services received from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic. A.Ş. for digitalization of financial analysis processes,
- Support services received from Token Finansal Teknolojiler A.Ş. for maintenance of and running the Bank's application on cash registers.



Additional Information Regarding the Related Legislation

Duties İşbank Board of Directors’ members perform outside the Bank

Name-Surname	Position in Bank	Duties outside the bank
Adnan Bali	Chairperson	Chairperson of Türkiye Sınai Kalkınma Bankası A.Ş., Chairperson of Türkiye İş Bankası A.Ş. Members Supplementary Pension Fund, Chairperson of the Board of Softtech Ventures Teknoloji A.Ş., Member of the High Advisory Board of Darüşşafaka Society
Yusuf Ziya Toprak	Vice Chairperson	None
Hakan Aran	Member of the Board	None
Feray Demir	Member of the Board	Member of the Board of Türkiye İş Bankası A.Ş. Members Supplementary Pension Fund
Ersin Önder Çiftçioğlu	Member of the Board	None
Fazlı Bulut	Member of the Board	None
Durmuş Öztek	Member of the Board	None
Recep Hakan Özyıldız	Member of the Board	Atatürk University Faculty of Political Sciences Part-Time Instructor
Mustafa Rıdvan Selçuk	Member of the Board	Independent Auditor of BDD Bağımsız Denetim ve Danışmanlık A.Ş., Partner of Girişim YMM Ltd. Şti.
Ahmet Gökhan Sungur	Member of the Board	None
Sadrettin Yurtsever	Member of the Board	None

Independence declaration of Mr. Ahmet Gökhan Sungur who is an Independent Member of the Board

Mr. Ahmet Gökhan Sungur was nominated as Independent Member of the Board to the Corporate Governance Committee that performs the tasks of the Nomination Committee and Corporate Governance Committee’s “Evaluation Report of Independent Member Nominee” dated 29.01.2020 was submitted to the Board on 30.01.2020. Independence declaration of Mr. Ahmet Gökhan Sungur who was elected as an Independent Member of the Board at the Ordinary General Meeting dated 31.03.2020 is quoted below:

“As per the requirements of the legislation, Corporate Governance Principles of Capital Markets Board and the Articles of Incorporation of İşbank, due to my nomination as an “independent member” to the Board of Directors of İşbank, I hereby declare to the committee, İşbank shareholders and all the related parties that;

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) İşbank and (ii) the subsidiaries of İşbank, and (iii) shareholders who control the management of İşbank or who have significant influence in İşbank and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- ▪ Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Bank (including tax audit, legal audit, internal audit), and in the companies that the Bank purchase products and services from or sells products and services to within the framework of the agreements signed during the timeframe of selling/ purchasing of the products and services,
- I possess the vocational education, knowledge and experience necessary to fulfill the duties I will assume in connection with being an independent board member,
- I am not working fulltime in public institutions and organizations,
- I am considered as a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,
- I have high ethical standards, goodwill and experience necessary to contribute to İşbank’s activities, Maintaining my objectivity in conflicts of interest between İşbank and its shareholders and deciding independently by taking into account the rights of stakeholders,

- I am capable of dedicating sufficient time to be able to observe the Bank’s activities and to fulfill the requirements of the duties I undertake,
- I have not been a member of the Board of Directors of İşbank for more than 6 years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by İşbank or by the shareholders who control the
- management of İşbank and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors,
- I still have all the qualifications as per the Corporate Governance Principles to be an independent member and I will protect all these conditions during the duty term in case of being appointed as independent member. I will inform Board of Directors of İşbank and the Capital Markets Board (simultaneously) about the situation in writing including its reasons in case of losing my independency. And thus, I am independent.”

Remuneration

- In accordance with the General Assembly decision taken on 31.03.2021, a net allocation of TL 41,300 is paid to the members of the Board of Directors on an individual basis every month. Benefits paid to key management personnel in 2021 amount to TL 43,379 thousands. Moreover, cost of allowance, travel, accommodation, representation, as well as the opportunities in cash and in kind, insurance and similar guarantees for key management personnel in the same year amount to TL 13,204 thousands.

Dividend Payments:

- * İşbank’s dividend payment policy is set out in detail in article 58 of the Bank’s articles of incorporation. Information about the policy is provided in this annual report. The said information is also available on the Bank’s corporate website under the title of Investor Relations, in Turkish and English.

Company Share Information:

İşbank’s Group A, Group B shares are listed on the Main Market with the symbols of ISATR and ISBTR; İşbank’s Group C shares are listed on the Stars Market with the symbol of ISCTR. İşbank’s Group C shares are traded on London Stock Exchange as Global Depositary Receipts, being subject to “Regulation S”; they are also traded on over-the-counter markets in the USA as American Depositary Receipts, being subject to “Rule 144A”.

Changes in the Organizational Structure

- As a result of the restructuring of the voice communication organization, the name of the Digital Banking Operations Division was updated as the Customer Relations Division and its activities were rearranged.
- The name of the Retail Loan and Card Operations Division was updated as the Payment Systems Operations Division and its activities were rearranged.
- The functions of the Internal Operations Division were transferred to other departments and its activities were terminated.
- As of 27.01.2022, the Information Security Coordinatorship was transformed into the Information Security Division and it became affiliated to the newly created Deputy Chief Executive position together with the Internal Systems Divisions.

Other Issues

- No custom audits were carried out at İşbank within the scope of Articles 207, 438 and 439 of the Turkish Commercial Code in 2021. Our bank is subject to public auditing, especially public institutions such as BRSA, CMB, Competition Board, Central Bank. If there is a situation that needs to be disclosed to the public regarding the audits of the aforementioned public institutions in our Bank, they are disclosed via KAP platform.
- Mr. Adnan Bali, Chairman of the Board of Directors has a duty as the Chairman of the Board of Türkiye Sınai ve Kalkınma Bankası A.Ş. (TSKB), a subsidiary of İşbank, within the framework of the consent regarding the prohibition to trade with and compete against the company based on related regulations of Turkish Commercial Code.
- Companies within the İşbank group do not have any shares in the Bank’s capital.
- In our Bank’s Board Meeting dated 25.02.2022, it has been resolved that our Bank’s paid in capital shall be increased from TL 4,500,000,000 to TL 10,000,000,000 within the registered capital ceiling of TL 10,000,000,000, the increase shall be fully funded from extraordinary reserves and shall be distributed to our shareholders as bonus shares, the Head Office shall be authorized to apply to the relevant authorities and fulfill necessary processes and take all actions for the capital increase.
- The actions required with respect to the decisions made at Ordinary General Shareholders’ Meeting of 2021 were performed.



Information on the Transactions Carried Out with the Bank's Risk Group

All financial services provided to companies within İşbank’s Risk Group are provided on an arm’s length basis, subject to the same procedures and policies applicable to third parties. Credit lines and other lending transactions allocated to companies within İşbank’s Risk Group are analyzed and monitored to ensure that such transactions are within regulatory limits. In 2021, the loans extended to Group companies were all below the regulatory risk limits.

Corporate Memberships

Domestic Memberships

- The Research Institute of Banking and Commercial Law
- Blockchain Turkey (BCTR)
- Turkish Marine Environment Protection Association (TURMEPA)
- Foreign Economic Relations Board of Turkey (DEİK)
- DEİK Turkey - Iraq Business Council
- ERTA
- Elginkan Community
- Financial Innovation and Technology Association
- Global Relations Forum
- İstanbul Foundation for Culture and Arts (İKSÜ)
- Association of Corporate Communicators (KİD)
- National Education Foundation
- The Advertisers Association
- The Banks Association of Turkey (BAT)
- Turkish Informatics Foundation
- Economic and Social History Foundation of Turkey (History Foundation)
- Vehbi Koç Foundation
- Artificial Intelligence and Technology Association

International Memberships

- European Financial Management & Marketing Association (EFMA)
- EFMA Affluent & Private Banking Council
- EFMA Digital Channels Council
- EFMA Insurance Council
- EFMA Operational Excellence Council
- EFMA Physical Channels Council
- EFMA SME Council
- European Association of Communication Directors (EACD)
- European Association for Banking and Financial History (EABH)
- Institut International d’Etudes Bancaires (IIEB)
- International Chamber of Commerce (ICC) Turkey National Committee - The Commission on Banking Techniques and Practices
- Mobile Marketing Association - MMA Turkey
- The Institute of International Finance (IIF)
- UN Global Compact Network Turkey
- United Nations Environment Program Finance Initiative (UNEP-FI)

Fundings Obtained from International Financial Institutions (as of 31.12.2021)

International Financial Institution	Date of Signature	Loan Amount	Maturity (years)	Purpose of Extending Loans
European Investment Bank (EIB)	13.04.2009	€ 250,000,000	12	Financing SMEs
	9.12.2011	€ 150,000,000	10	Financing SMEs
	28.06.2012 ⁽¹⁾	€ 75,000,000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	4.12.2013	€ 150,000,000	8	Financing of SMEs and enterprises with 250 to 3,000 employees
	9.05.2014	€ 200,000,000	10	Financing the loans to be extended to residential buildings that fall under the scope of Law No. 6306 and conform to the EIB criteria in order to improve earthquake safety and energy efficiency in residential buildings
	30.10.2015 ⁽¹⁾	€ 221,200,000	10	Financing of SMEs and enterprises with 250 to 3,000 employees
		\$ 111,200,000	13	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
European Bank for Reconstruction and Development (EBRD)	01.12.2016 ⁽¹⁾	\$ 47,600,000	10	Financing of SMEs and enterprises with 250 to 3,000 employees
		\$ 6,660,000	15	Financing of energy efficiency projects as part of the TurSEFF Program
	27.10.2011	\$ 6,660,000	15	Financing of energy efficiency projects as part of the TurSEFF Program
	28.06.2012 ⁽¹⁾	€ 50,000,000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	18.12.2013 ⁽¹⁾	€ 50,000,000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	30.03.2015 ⁽¹⁾	\$ 60,000,000	7	Financing of energy efficiency in residences as part of the TurEEFF Program
		\$ 15,000,000	15	Financing of energy efficiency in residences as part of the TurEEFF Program
PROPARCO	21.10.2016 ⁽¹⁾	\$ 55,000,000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	06.12.2017 ⁽¹⁾	\$ 55,000,000	7	Financing of renewable energy and resource efficiency investments as part of the TurSEFF Program
	9.12.2010	€ 50,000,000	12	Financing of renewable energy and energy efficiency projects
	1.03.2013	€ 50,000,000	10	Financing of loans extended to residential buildings conforming to domestic energy efficiency criteria in Turkey
OPIC	30.06.2020	€ 25,000,000	10	Financing agriculture and the energy and resource efficiency activities of small and medium-sized companies operating in the agricultural sectors
		€ 220,000,000	14	Financing of SMEs, prioritized regions in development and women entrepreneurs
IFC	10.12.2014 ⁽¹⁾	\$ 220,000,000	14	Financing of SMEs, prioritized regions in development and women entrepreneurs
		\$ 105,000,000	9	Financing of housing loans, especially green mortgages conforming to IFC energy efficiency criteria
IFC	28.12.2017 ⁽¹⁾	\$ 20,000,000		Provided by the Clean Technology Fund ("CTF") through IFC for use in financing green mortgage loans ensuring energy efficiency.
		\$ 20,000,000		Provided by the Clean Technology Fund ("CTF") through IFC for use in financing green mortgage loans ensuring energy efficiency.

⁽¹⁾ Funding obtained through the transactions made within the scope of the diversified payment rights program.



Financial Highlights and Key Ratios for the Five-Year Period

CONSOLIDATED					
ASSETS (TL thousand)	2017/12*	2018/12	2019/12	2020/12	2021/12
Cash and Equivalents	3,395,184	4,931,787	5,700,435	9,504,086	15,230,787
Banks and Receivables from Interbank Money Markets ⁽¹⁾	44,638,342	51,202,701	70,109,172	87,017,464	206,978,744
Securities (Net) ⁽²⁾	66,218,177	77,942,727	97,304,703	128,082,066	173,820,212
Loans,Factoring Receivables and Lease Receivables ⁽³⁾	275,721,584	303,495,889	316,028,505	403,934,870	590,297,628
Associates and Subsidiaries (Net)	7,387,455	9,418,560	11,190,991	13,052,096	21,918,409
Fixed Assets (Net)	10,342,126	11,975,301	13,826,688	14,706,181	19,101,836
Other Assets ⁽⁴⁾	30,054,547	40,940,392	50,891,344	61,855,500	97,056,457
Total Assets	437,757,415	499,907,357	565,051,838	718,152,263	1,124,404,073
LIABILITIES (TL thousand)	2017/12*	2018/12	2019/12	31.12.2020	2021/12
Deposits	207,880,492	248,981,402	302,791,204	381,693,393	617,679,203
Funds Borrowed and Interbank Money Market Placements ⁽⁵⁾	130,496,873	137,945,969	130,065,019	167,635,067	272,909,829
Provisions ⁽⁶⁾	17,044,695	15,161,685	17,860,585	24,027,066	35,609,317
Other Liabilities	34,210,740	42,203,408	48,633,563	69,935,017	102,037,545
Shareholders' Equity	48,124,615	55,614,893	65,701,467	74,861,720	96,168,179
Total Liabilities	437,757,415	499,907,357	565,051,838	718,152,263	1,124,404,073
INCOME STATEMENT (TL thousand)	2017/12*	2018/12	2019/12	2020/12	2021/12
Interest Income ⁽⁷⁾	31,108,967	44,078,656	48,453,830	47,960,977	69,449,187
Interest Expenses ⁽⁷⁾	16,277,297	24,492,384	25,654,752	18,898,262	32,530,364
Net Interest Income	14,831,670	19,586,272	22,799,078	29,062,715	36,918,823
Net Trading Income	-946,253	-2,293,686	-4,633,920	-1,206,769	703,452
Net Fees and Commissions Income	2,733,423	3,756,035	4,611,770	4,919,413	6,691,855
Dividend Income	18,258	19,655	20,819	31,057	68,548
Other Operating Income	6,765,642	8,120,963	10,942,888	11,733,929	16,883,690
Total Operating Income	23,402,740	29,189,239	33,740,635	44,540,345	61,266,368
Operating Expenses ⁽⁸⁾	12,862,111	14,656,126	17,512,911	21,179,158	30,381,409
NET OPERATING PROFIT/LOSS ⁽⁹⁾	10,540,629	14,533,113	16,227,724	23,361,187	30,884,959
Provision for Losses on Loans and Other Receivables ⁽¹⁰⁾	3,016,417	7,012,853	9,236,283	14,150,040	16,810,490
Profit/Loss from subsidiaries Based on Equity Method	842,068	1,569,036	1,462,479	1,455,956	4,874,850
PROFIT/(LOSS) BEFORE TAXES	8,366,280	9,089,296	8,453,920	10,667,103	18,949,319
Provision for Taxes	1,660,614	1,517,912	1,422,289	2,915,351	3,389,061
NET PERIOD PROFIT/(LOSS)	6,705,666	7,571,384	7,031,631	7,751,752	15,560,258
KEY RATIOS	2017/12*	2018/12	2019/12	31.12.2020	2021/12
Interest Earning Assets ⁽¹¹⁾ / Total Assets	88.2%	86.4%	85.8%	86.2%	86.2%
Interest Earning Assets ⁽¹¹⁾ / Interest Bearing Liabilities	114.1%	111.7%	112.0%	112.7%	108.9%
Securities / Total Assets	15.1%	15.6%	17.2%	17.8%	15.5%
Loans / Total Assets	61.0%	59.1%	54.5%	54.6%	50.9%
Loans / Deposits	128.5%	118.6%	101.6%	102.7%	92.6%
Retail Loans / Total Loans	21.4%	19.8%	20.8%	22.1%	19.3%

Financial Highlights and Key Ratios for the Five-Year Period

CONSOLIDATED					
KEY RATIOS	2017/12*	2018/12	2019/12	31.12.2020	2021/12
NPL Ratio	2.12%	4.06%	6.4%	5.6%	4.1%
Coverage Ratio	84.1%	56.5%	53.5%	62.1%	65.0%
Demand Deposits / Total Deposits	26.3%	24.8%	28.4%	41.2%	47.3%
Shareholders' Equity / Total Liabilities	11.0%	11.1%	11.6%	10.4%	8.6%
Capital Adequacy Standard Ratio	15.2%	15.3%	16.4%	17.0%	18.7%
Return on Average Assets ⁽¹²⁾	1.7%	1.6%	1.3%	1.2%	1.8%
Return on Average Equity ⁽¹²⁾	14.9%	14.8%	11.8%	11.2%	19.2%
Cost / Income ⁽¹³⁾	42.2%	35.9%	39.8%	36.0%	34.5%
OTHER INFORMATION (TL thousand)	2017/12*	2018/12	2019/12	31.12.2020	2021/12
Regulatory Capital	54,979,844	64,189,820	75,055,619	90,577,700	125,734,035
Core Capital	45,054,873	51,413,549	60,581,141	69,037,761	93,801,462
Free Capital ⁽¹⁴⁾	29,638,672	28,971,576	31,093,535	38,572,660	46,881,642
Demand Deposits	54,724,559	61,655,721	86,043,036	157,339,437	291,867,150

(*) Accounting policy changes made in 2017 and 2018 were applied retrospectively; accordingly, the financial statements of 2017 was restated.

- The financial statements of the year 2017 were restated due to the change in the valuation policy of associates and subsidiaries.

⁽¹⁾ Includes balances at the Central Bank and required reserves.

⁽²⁾ 2019/12, 2020/12 and 2021/12 balances do not include the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

⁽³⁾ Excludes Non-performing Loans. 2018/12 period includes the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

⁽⁴⁾ Includes general provisions after 2017/12 period, and includes the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss in 2019/12, 2020/12 and 2021/12 periods.

⁽⁵⁾ Includes Turkish Lira and foreign currency securities issued and subordinated debts.

⁽⁶⁾ Due to the change in accounting policy, general provisions are not classified in this item after 2017/12 period.

⁽⁷⁾ Fees and Commissions Received from Cash Loans are shown in Interest Income, Fees and Commissions Given to Cash Loans are shown in Interest Expenses.

⁽⁸⁾ Includes Personnel Expenses.

⁽⁹⁾ Net Operating Profit / Loss = Total Operating Income - Operating Expenses

⁽¹⁰⁾ Named as "Provision for Losses on Loans and Other Receivables" prior to the 2018/12 period.

⁽¹¹⁾ Interest Earning Assets include Turkish Lira and foreign currency required reserves.

⁽¹²⁾ Averages are calculated by using restated year-end figures for 2017/12 period and by using quarterly balances for the other periods.

⁽¹³⁾ Cost and income are netted against "Insurance Technical Income / Expense". Operating Income = Total Operating Income + Profit/Loss from Subsidiaries Based on Equity Method.

⁽¹⁴⁾ Free Capital = Shareholders' Equity - (Fixed Assets + Non-Financial Associates and Subsidiaries + Net Non-performing Loans)



Financial Highlights and Key Ratios for the Five-Year Period

UNCONSOLIDATED					
ASSETS (TL thousand)	2017/12*	2018/12	2019/12	2020/12	2021/12
Cash and Equivalents	3,363,250	4,888,627	5,661,559	9,463,666	15,170,894
Banks and Receivables from Interbank Money Markets ⁽¹⁾	35,060,422	43,630,394	60,525,991	77,492,256	190,881,628
Securities (Net) ⁽²⁾	57,351,543	68,133,659	84,246,760	109,485,041	142,653,302
Loans ⁽³⁾	239,408,795	260,316,291	270,360,084	345,150,130	493,378,191
Associates and Subsidiaries (Net)	13,802,243	17,638,720	21,070,554	26,002,383	39,461,345
Fixed Assets (Net)	5,162,561	5,996,958	8,478,257	9,161,214	11,277,602
Other Assets ⁽⁴⁾	8,094,719	15,782,955	17,716,266	17,147,742	33,746,062
Total Assets	362,243,533	416,387,604	468,059,471	593,902,432	926,569,024
LIABILITIES (TL thousand)	2017/12*	2018/12	2019/12	2020/12	2021/12
Deposits	203,752,032	245,268,846	295,922,002	368,876,491	595,628,376
Funds Borrowed and Interbank Money Market Placements ⁽⁵⁾	92,457,257	94,468,343	86,102,534	116,407,089	181,993,730
Provisions ⁽⁶⁾	8,808,734	6,256,462	7,042,357	10,224,590	15,487,318
Other Liabilities	14,241,243	20,673,329	20,119,113	30,612,810	46,620,309
Shareholders' Equity	42,984,267	49,720,624	58,873,465	67,781,452	86,839,291
Total Liabilities	362,243,533	416,387,604	468,059,471	593,902,432	926,569,024
INCOME STATEMENT (TL thousand)	2017/12*	2018/12	2019/12	2020/12	2021/12
Interest Income ⁽⁷⁾	27,655,465	38,840,381	43,042,350	42,516,332	60,904,343
Interest Expenses ⁽⁷⁾	14,447,809	21,788,130	23,183,222	17,274,293	29,963,074
Net Interest Income	13,207,656	17,052,251	19,859,128	25,242,039	30,941,269
Net Trading Income	-1,878,444	-4,071,660	-6,397,400	-3,341,357	-5,149,127
Net Fees and Commissions Income	3,373,715	4,405,201	5,569,128	5,617,613	7,619,945
Dividend Income	11,072	6,425	9,098	21,487	20,735
Other Operating Income	1,146,647	1,912,307	3,146,751	2,436,205	4,401,570
Total Operating Income	15,860,646	19,304,524	22,186,705	29,975,987	37,834,392
Operating Expenses ⁽⁸⁾	7,395,787	8,039,721	9,792,544	11,796,986	15,911,689
NET OPERATING PROFIT/LOSS ⁽⁹⁾	8,464,859	11,264,803	12,394,161	18,179,001	21,922,703
Provision for Losses on Loans and Other Receivables ⁽¹⁰⁾	2,633,246	6,343,674	8,325,906	12,729,920	14,450,167
Profit/Loss from subsidiaries Based on Equity Method	1,610,386	2,808,736	2,806,196	3,406,471	8,003,345
PROFIT/(LOSS) BEFORE TAXES	7,441,999	7,729,865	6,874,451	8,855,552	15,475,881
Provision for Taxes	1,240,720	960,780	806,864	2,044,635	2,007,986
NET PERIOD PROFIT/(LOSS)	6,201,279	6,769,085	6,067,587	6,810,917	13,467,895
KEY RATIOS	2017/12*	2018/12	2019/12	2020/12	2021/12
Interest Earning Assets ⁽¹¹⁾ / Total Assets	91.5%	89.3%	89.0%	89.8%	89.3%
Interest Earning Assets ⁽¹¹⁾ / Interest Bearing Liabilities	111.9%	109.4%	109.0%	109.9%	106.4%
Securities / Total Assets	15.8%	16.4%	18.0%	18.4%	15.4%
Loans / Total Assets	66.1%	62.5%	57.8%	58.1%	53.2%
Loans / Deposits	117.5%	106.1%	91.4%	93.6%	82.8%
Retail Loans / Total Loans	23.8%	22.4%	23.6%	25.0%	22.2%
NPL Ratio	2.2%	4.1%	6.5%	5.6%	4.1%

Financial Highlights and Key Ratios for the Five-Year Period

UNCONSOLIDATED					
KEY RATIOS	2017/12*	2018/12	2019/12	2020/12	2021/12
Coverage Ratio	86.0%	58.7%	54.7%	63.7%	66.2%
Demand Deposits / Total Deposits	26.3%	24.4%	28.4%	41.7%	47.9%
Shareholders' Equity / Total Liabilities	11.9%	11.9%	12.6%	11.4%	9.4%
Capital Adequacy Standard Ratio	16.7%	16.5%	17.9%	18.7%	20.4%
Return on Average Assets ⁽¹²⁾	1.8%	1.7%	1.4%	1.3%	1.9%
Return on Average Equity ⁽¹²⁾	15.4%	14.8%	11.4%	10.9%	18.4%
Cost / Income ⁽¹³⁾	42.3%	36.4%	39.2%	35.3%	34.7%
OTHER INFORMATION (TL thousand)	2017/12*	2018/12	2019/12	2020/12	2021/12
Regulatory Capital	50,559,960	58,950,530	69,198,849	84,540,460	116,325,684
Core Capital	42,474,633	49,052,634	57,971,231	66,666,192	90,161,889
Free Capital ⁽¹⁴⁾	29,874,011	29,896,338	30,903,681	38,469,439	46,673,837
Demand Deposits	53,501,377	59,961,577	84,040,178	153,998,446	285,308,452

(*) Changes in accounting policy were applied retrospectively; accordingly, the financial statements of the year 2017 were restated due to the changes in the valuation methodology of associates and subsidiaries.

⁽¹⁾ Includes balances at the Central Bank and required reserves.

⁽²⁾ 2019/12, 2020/12 and 2021/12 balances do not include the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

⁽³⁾ Excludes Non-performing Loans. 2018/12 period includes the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

⁽⁴⁾ Includes general provisions after 2017/12 period, and includes the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss in 2019/12, 2020/12 and 2021/12 periods.

⁽⁵⁾ Includes Turkish Lira and foreign currency securities issued and subordinated debts.

⁽⁶⁾ Due to the change in accounting policy, general provisions are not classified in this item after 2017/12 period.

⁽⁷⁾ Fees and Commissions Received from Cash Loans are shown in Interest Income, Fees and Commissions Given to Cash Loans are shown in Interest Expenses.

⁽⁸⁾ Includes Personnel Expenses.

⁽⁹⁾ Net Operating Profit / Loss = Total Operating Income - Operating Expenses

⁽¹⁰⁾ Named as "Provision for Losses on Loans and Other Receivables" prior to the 2018/12 period.

⁽¹¹⁾ Interest Earning Assets include Turkish Lira and foreign currency required reserves.

⁽¹²⁾ Averages are calculated by using restated year-end figures for 2017/12 period and by using quarterly balances for the other periods.

⁽¹³⁾ Operating Income = Total Operating Income + Profit/Loss from Subsidiaries Based on Equity Method

⁽¹⁴⁾ Free Capital = Shareholders' Equity - (Fixed Assets + Non-Financial Associates and Subsidiaries + Net Non-performing Loans)



İşbank Credit Ratings

Credit Ratings Assigned by Rating Agencies to the Bank and Related Explanations:		
	Rating	Outlook (*)
MOODY’S		
Long-term Foreign Currency Deposit	B3	Negative
Long-term Local Currency Deposit	B3	Negative
Long-term Foreign Currency Senior Debt	B3	Negative
Short-term Foreign Currency Deposit	NP	-
Short-term Local Currency Deposit	NP	-
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	B+	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Stable
Viability Rating	b+	-
Government Support Rating	b-	-
STANDARD & POOR’S		
Long-term Counterparty Credit Rating	B+	Negative
Short-term Counterparty Credit Rating	B	-
Long-term National Scale Rating	trA+	-
Long-term Local Currency Issuer Default Rating	trA-1	-
The dates when the Bank's credit ratings/outlooks were last updated are given below:		
Moody's 10.12.2020, Fitch Ratings: 10.12.2021, Standard & Poor's: 15.12.2021		
(*) Outlook:		
“Stable” indicates that the current rating will not be changed in the short term; “positive” indicates that the current rating is very likely to be upgraded and “negative” indicates that the current rating is very likely to be downgraded.		



Latest information about credit ratings of İşbank from rating agencies can be found [here](#).

Awards Granted in 2021

Award Name	Awarded Project	Award
MarTech	Maxi Covid-19 Integration	Best chatbot technology
MarTech	Dataroid Digital Analytics Platform	Best data usage
MarTech	İmeceMobil	Best Use of Technology in Direct Marketing
Social Media Awards / Banks Category	İşbank	Silver
Social Media Awards / Social CRM	Click to WhatsApp - Maxi	Bronze
Social Media Awards / Mobile App	Digital Vault	Bronze
Social Media Awards / Credit Cards Category	Maximum	Gold
Social Media Awards / Venue and Event Category	İşCep	Gold
Social Media Awards / Online Banking Category	İş Sanat	Silver
Altın Örümcek / Mobile App Banking & Finance	İşCep	People's Favorite
Altın Örümcek / Mobile App Banking & Finance	İşCep	Jury 1 st place
Altın Örümcek / Most Accessible Mobile App	İşCep	1st place
Altın Örümcek / Banking & Finance	Maximum Youth	Jury 3rd place
Altın Örümcek / Banking & Finance	Maximum Youth	People's Favorite
Altın Pusula	Digital Anatolia	Award in Non-Governmental Organizations Category
Stevie Int. Business Awards / Achievement in Product Innovation	Digital Vault	Silver
Stevie Int. Business Awards / Achievement in Product Innovation	İşCep Market	Silver
Stevie Int. Business Awards / Most Valuable Corporate Response	Maxi Covid-19 Integration	Bronze
Stevie Int. Business Awards / Consumer Services	Digital Vault	Silver
Stevie Int. Business Awards / Financial Services	İşCep PFM	Bronze
Stevie Int. Business Awards / Branded Utility of the Year	MOİ	Silver
Stevie Int. Business Awards / AI - Machine Learning Solution	Maxi	Silver
Stevie Int. Business Awards / Marketing Campaign of the Year - Financial Products & Services	Maximum Youth	Bronze
Global Finance World's Best Digital Bank Awards	Best Open Banking API's	Best Open Banking API's
Sardis Awards	İş Asset Management Women Equity Fund	Sardis Grand Prize
Sardis Awards	İşbank	Most Innovative Organization of the Year
Sardis Awards	İşbank	Organization with the Most Innovative Use of Finance Technologies of the Year
Sardis Awards	İşbank	Most Responsible Organization of the Year
Sardis Awards / Customer Experience and Engagement	Dataroid Digital Analytics Platform	Golden Sardis
Sardis Awards / Customer Experience and Engagement	Maxi - Call Center Integration	Silver Sardis



Awards Granted in 2021

Award Name	Awarded Project	Award
Sardis Awards / Innovative Acceleration and Incubation Programs	Workup	Golden Sardis
Sardis Awards / Use of Artificial Intelligence	Instant Loan Allocation Processes	Golden Sardis
Sardis Awards / Use of Artificial Intelligence	Maxi	Silver Sardis
Sardis Awards / Use of Data	Dataroid Digital Analytics Platform	Golden Sardis
Sardis Awards / Other Uses of Innovative Technology	İmeceMobil	Golden Sardis
Sardis Awards / Best Mobile App	İşÇep	Silver Sardis
Sardis Awards / Environmental Social Responsibility	Environmentally Friendly Cards	Silver Sardis
Sardis Awards / Environmental Social Responsibility	Geleceğe Orman (Forest for the Future)	Golden Sardis
Sardis Awards / Gender Equality	İş Asset Management Women Equity Fund	Golden Sardis
Sardis Awards / Social Innovation	Geleceğe Orman (Forest for the Future)	Silver Sardis
Sardis Awards / Sponsorship	Our 15 th Year of Support for Chess	Golden Sardis
Smarties X	Click to WhatsApp - Maxi	Bronze
Fast Company Startup Friendly Companies	İşbank	1st place
Fast Company Corporate Entrepreneurship	İmeceMobil	Best Internal Entrepreneurship Award
Fast Company Magazine 2021 Customer Experience Survey	İşbank	Banks Category - 1st place
World Finance Awards	İşÇep	Digital Banking - Best Mobile Banking App
Sardis Awards / Environmental Social Responsibility	Maximum TEMA Card and Doğasever (Nature Lover) MaxiPara Card	Silver
Felis Awards / Financial Services	Dünyanın Kapıları (Gates of the World)	Success Award
Felis Awards / Pandemic-Specific Innovative Ideas	Happy ending! Quarantine is over, Movie theaters are open	Success Award
Felis Awards / Financial Services	20th Year İşte Benim Maximum'um (Here's My Maximum)	Felis Award
Effie	Maximum Youth Cards	Bronze
Effie	Alternative Payment Systems and Loyalty Programs	Bronze
The Banker Magazine Digital Banking Award Program	Tekpos	Award in Open Banking Category
Efma-Accenture Awards	Pay by Link	Award in Innovation Category
Female Friendly Brands Platform	Women Entrepreneurship Program	Awareness
Payment System Magazine PSM Awards	Tekpos	Most Innovative Product
Payment System Magazine PSM Awards / Influencer Communication / Best Promotional Marketing Success	Instant POS	Golden Award
Felis / Transformative Marketing Impact / Positive Social Impact Environmental	Geleceğe Orman (Forest for the Future)	Success Award
Boğaziçi Environmental Awards	Geleceğe Orman (Forest for the Future)	Most Environmentally Friendly Mobile App

Awards Granted in 2021

Award Name	Awarded Project	Award
PSM Awards/Innovation - Innovative Customer Engagement and Experience	Dataroid Digital Analytics and Action Platform	Golden PSM
MMA Smarties / Gender Equality in Advertising (Turkey)	İş Asset Management Women Equity Fund	Silver
MMA Smarties / Gender Equality in Advertising (EMEA)	İş Asset Management Women Equity Fund	Bronze
MMA Smarties / Social Messaging / Chat Apps / Text Messaging (EMEA)	Maxi-Click to WhatsApp Reklam Modeli	Silver
Brandon Hall 2021 Human Capital Management Excellence Awards "Best Advance in Competencies and Skill Development" and "Best Results of a Learning Program"	Foreign Trade Development Program	Golden Award
Brandon Hall 2021 Human Capital Management Excellence Awards "Best Most Unique orand Innovative Sales Training Program"	Commercial Banking Direct Mobile Sales Development Program	Golden Award



Changes in Material Issues of İşbank

2020	2021	Change
The Bank's environmental footprint	The Bank's environmental footprint	The issue's level of severity changed
Employee rights and satisfaction	Employee rights and satisfaction	Unchanged
Responsible financing integrating ESG criteria	Responsible financing and investment integrating ESG criteria	Addition made
Compliance with changing regulations	Compliance with changing regulations	The issue's level of severity changed
Digital transformation	Digital transformation	Unchanged
Equal opportunity and diversity	Equal opportunity and diversity	Unchanged
Financial inclusion	Financial inclusion	The issue's level of severity changed
Financial performance and profitability	Financial performance and profitability	Unchanged
Combating climate change	Combating climate change	Unchanged
Business ethics	Business ethics, transparency, and reporting	Business ethics, transparency, and reporting issues were merged
Risk management	Risk management	Unchanged
Information security and customer privacy	Cyber security and customer privacy	The name and severity of the issue changed
Customer centricity	Customer centricity	Unchanged
Social investment programs	Corporate social responsibility	The name of the issue changed
Responsible procurement	Responsible procurement	The issue's level of severity changed
Responsible product and service portfolio	Responsible product and service portfolio	Unchanged
Financial literacy	Financial literacy	Unchanged
Stakeholder dialogue	Communication with stakeholders	The name and severity of the issue changed
Responsible marketing	Responsible marketing	Unchanged
	Open banking	New addition
	Supporting employee volunteering	New addition
	Emergency action preparation and business continuity	New addition
	Preferred employer	New addition
	National and international cooperation for sustainability	New addition
	Employee health and safety	New addition

Direct and Indirect Subsidiaries (*)

Changes in the Portfolio of Direct and Indirect Subsidiaries between 31.12.2020-31.12.2021

DIRECT SUBSIDIARIES	31.12.2021	
Name	Direct Share	Bank's Risk Group Share Percentage
Anadolu Hayat Emeklilik A.Ş.	62.00%	83.00%
Arap Türk Bankası A.Ş.	20.58%	20.58%
İş Finansal Kiralama A.Ş.	27.79%	58.24%
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	52.06%	65.44%
İş Merkezleri Yönetim ve İşletim A.Ş.	86.33%	100.00%
İş Net Elektronik Bilgi Üret. Dağ. Tic. ve İlet. Hizm. A.Ş.	100.00%	100.00%
İş Yatırım Menkul Değerler A.Ş.	65.74%	70.78%
İşbank AG	100.00%	100.00%
JSC Isbank Georgia	100.00%	100.00%
JSC İşbank	100.00%	100.00%
Kredi Kayıt Bürosu A.Ş.	9.09%	9.09%
Kültür Yayınları İş Türk A.Ş.	99.17%	100.00%
Milli Reasürans T.A.Ş.	87.60%	87.60%
Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.	100.00%	100.00%
Trakya Yatırım Holding A.Ş.	100.00%	100.00%
Türkiye Sınai Kalkınma Bankası A.Ş.	47.68%	51.37%
Türkiye Şişe ve Cam Fabrikaları A.Ş.	50.93%	57.02%



Direct and Indirect Subsidiaries ^(*)

INDIRECT SUBSIDIARIES	31.12.2021	
	Direct Share	Bank's Risk Group Share Percentage
Anadolu Anonim Türk Sigorta Şirketi	0.00%	64.31%
Anavarza Otelcilik A.Ş.	0.00%	50.00%
Atlantic Soda LLC	0.00%	60.00%
Sisecam Automotive Rus JSC	0.00%	100.00%
Sisecam Automotive Rus Trading LLC	0.00%	100.00%
Batı Karadeniz Elektrik Dağıtım ve Tic. A.Ş.	0.00%	65.00%
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	0.00%	99.80%
Camiş Ambalaj Sanayii A.Ş.	0.00%	100.00%
Camiş Egypt Mining Ltd. Co.	0.00%	99.70%
Camiş Elektrik Üretim A.Ş.	0.00%	100.00%
Camiş Madencilik A.Ş.	0.00%	100.00%
Casaba Yönetim İşl.İmal.İth.İhr.Paz.Sağ.Tem.Güv.Ulş.Tic.ve San.A.Ş.	0.00%	100.00%
CJSC Brewery Pivdenna	0.00%	100.00%
Convera Uluslararası Yazılım Arge Teknoloji Yatırımları A.Ş.	0.00%	100.00%
Covision Medical Technologies Limited	0.00%	100.00%
Covision Medical Technologies San. Tic. A.Ş.	0.00%	100.00%
Cromital SPA	0.00%	100.00%
Efes Varlık Yönetim A.Ş.	0.00%	100.00%
Erişim Müşteri Hizmetleri A.Ş.	0.00%	100.00%
Sisecam Automotive Romania SA	0.00%	100.00%
Gullseye Lojistik Teknolojileri A.Ş.	0.00%	100.00%
İş Faktoring A.Ş.	0.00%	100.00%
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	0.00%	56.78%
İş Portföy Yönetimi A.Ş.	0.00%	100.00%
İş Yatırım Ortaklığı A.Ş.	0.00%	38.66%
JSC Mina	0.00%	100.00%
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	0.00%	50.00%
Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.	0.00%	100.00%
Koridor Incorporated	0.00%	74.66%
Livewell Giyilebilir Sağlık Ürün Hizm. A.Ş.	0.00%	100.00%
M4 Otelcilik ve Turizm A.Ş.	0.00%	40.00%
Maxi Digital GmbH	0.00%	100.00%
Maxis Girişim Sermayesi Portföy Yönetimi AŞ.	0.00%	100.00%
Maxis Investments Ltd.	0.00%	100.00%
Maxitech Inc.	0.00%	100.00%
Merefa Glass Company Ltd.	0.00%	100.00%

^(*) Includes the direct and indirect subsidiaries in which İşbank's share is equal to or exceeds five percentage points.

INDIRECT SUBSIDIARIES	31.12.2021	
	Direct Share	Bank's Risk Group Share Percentage
Mikla Yiyecek ve İçecek A.Ş.	0.00%	83.57%
Miltaş Turizm İnşaat Ticaret A.Ş.	0.00%	88.00%
Nevotek Bilişim Ses ve İletişim Sistemleri San. ve Tic. A.Ş.	0.00%	95.37%
Nevotek Inter corporation	0.00%	100.00%
Nevotek Middle East FZ Limited Liability Company	0.00%	100.00%
OOO Energosystems	0.00%	100.00%
OOO Posuda	0.00%	100.00%
OOO Ruscam Glass Packaging Holding	0.00%	100.00%
OOO Ruscam Management Company	0.00%	100.00%
Ortopro Tıbbi Aletler San. Tic. A.Ş.	0.00%	97.22%
Oxyvit Kimya Sanayii ve Ticaret A.Ş.	0.00%	100.00%
Pacific Soda LLC	0.00%	60.00%
Pasabahce Bulgaria EAD	0.00%	100.00%
Pasabahce Egypt Glass Manufacturing SAE	0.00%	100.00%
Paşabahçe (Shanghai) Trading Co. Ltd	0.00%	100.00%
Paşabahçe Glass GmbH	0.00%	100.00%
Paşabahçe Mağazaları A.Ş.	0.00%	100.00%
Paşabahçe Spain SL	0.00%	100.00%
Paşabahçe SRL	0.00%	100.00%
Paşabahçe USA Inc	0.00%	100.00%
Radore İnternet Hizmetleri A.Ş.	0.00%	25.50%
Radore Veri Merkezi Hizmetleri A.Ş.	0.00%	25.50%
Sisecam Automotive Germany GmbH	0.00%	100.00%
Sisecam Automotive Hungary Kft	0.00%	100.00%
Richard Fritz Prototype Spare Parts GmbH	0.00%	100.00%
Sisecam Automotive Slovakia S.R.O.	0.00%	100.00%
Rudnik Krecnjaka "Vijenac" D.O.O	0.00%	50.00%
SC Glass Trading BV	0.00%	100.00%
Sisecam Chemicals Resources LLC	0.00%	60.00%
Sisecam Chemicals USA Inc	0.00%	100.00%
Softtech (Shanghai) Technology Co. Ltd.	0.00%	100.00%
Softtech Ventures Teknoloji A.Ş.	0.00%	100.00%
Softtech Yazılım Teknolojileri Araştırma Gel. ve Paz. Tic. A.Ş.	0.00%	100.00%
Şişecam Automotive Bulgaria EAD	0.00%	100.00%
Şişecam Bulgaria EOOD	0.00%	100.00%
Şişecam Çevre Sistemleri A.Ş.	0.00%	90.00%



Direct and Indirect Subsidiaries (*)

INDIRECT SUBSIDIARIES	31.12.2021	
Name	Direct Share	Bank's Risk Group Share Percentage
Şişecam Dış Ticaret A.Ş.	0.00%	100.00%
Şişecam Elyaf Sanayii A.Ş.	0.00%	100.00%
Şişecam Enerji A.Ş.	0.00%	100.00%
Şişecam Flat Glass India Private Limited	0.00%	100.00%
Şişecam Flat Glass Italy S.r.l.	0.00%	100.00%
Şişecam Flat Glass South Italy SRL	0.00%	100.00%
Şişecam Glass Packaging B.V.	0.00%	100.00%
Şişecam Glasspackaging Hungary Kft	0.00%	100.00%
Şişecam Otomotiv A.Ş.	0.00%	100.00%
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	0.00%	100.00%
Şişecam Soda Lukavac DOO	0.00%	100.00%
Şişecam Trading co.	0.00%	100.00%
Tatilbudur Kurumsal Hizmetler Turizm ve Ticaret A.Ş.	0.00%	40.00%
Tatilbudur Seyahat Acenteliği ve Turizm A.Ş.	0.00%	40.00%
TBC Seyahat Acenteliği ve Turizm A.Ş.	0.00%	40.00%
Toksöz Spor Malzemeleri Tic. A.Ş.	0.00%	90.63%
Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş.	0.00%	100.00%
Trakya Glass Bulgaria Ead	0.00%	100.00%
Trakya Glass Rus AO	0.00%	100.00%
Trakya Glass Rus Trading OOO	0.00%	100.00%
Trakya Investment BV	0.00%	100.00%
TRSG Glass Holding BV	0.00%	70.00%
TSKB Gayrimenkul Değerleme A.Ş.	0.00%	100.00%
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	0.00%	88.85%
TSKB Sürdürülebilirlik Danışmanlığı A.Ş.	0.00%	100.00%
Yatırım Finansman Menkul Değerler A.Ş.	0.00%	98.42%
Yatırım Varlık Kiralama A.Ş.	0.00%	100.00%
Sisecam Chemicals Wyoming LLC	0.00%	60.00%
Ciner Resources LP	0.00%	74.00%
Ciner Resources General Partners LLC	0.00%	60.00%
Ciner Wyoming LLC	0.00%	51.00%

(*) Includes the direct and indirect subsidiaries in which İşbank's share is equal to or exceeds five percentage points.

Changes in Share Percentages in Subsidiaries

	Direct Share of İşbank as of December 2020	Direct Share of İşbank as of December 2021	Bank's Risk Group Share Percentage as of December 2020	Bank's Risk Group Share Percentage as of December 2021	REASON
Companies Entering the Bank's Risk Group in 2021					
Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.	-	100.00%	-	100.00%	Acquisition
Şişecam Chemical Resources LLC	-	-	-	60.00%	Acquisition
Atlantic Soda LLC	-	-	-	60.00%	Acquisition
Şişecam Glasspackaging Hungary Kft	-	-	-	100.00%	Company establishment
TBC Seyahat Acenteliği ve Turizm	-	-	-	40.00%	Acquisition
Ciner Wyoming Holding Co	-	-	-	60.00%	Acquisition
Ciner Resources LP	-	-	-	74.00%	Acquisition
Ciner Resources General Partners LLC	-	-	-	60.00%	Acquisition
Ciner Wyoming LLC	-	-	-	51.00%	Acquisition
Companies Whose Share Ratio Changed in the Bank's Risk Group in 2021					
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	50.51%	52.06%	63.89%	65.44%	Transfer of the shares bought from Borsa Istanbul to the subsidiary portfolio
İş Yatırım Menkul Değerler A.Ş.	65.65%	65.74%	70.69%	70.78%	Transfer of the shares bought from Borsa Istanbul to the subsidiary portfolio
Türkiye Sınai Kalkınma Bankası A.Ş.	47.23%	47.68%	50.92%	51.37%	Transfer of the shares bought from Borsa Istanbul to the subsidiary portfolio
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	57.52%	56.78%	Sale of shares of our Bank's group company
Pacific Soda LLC	-	-	50.00%	60.00%	Share purchase from a partner
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	89.53%	88.85%	Use of preferential rights not used in the purchase of shares from Borsa Istanbul and cash capital increase by the parent bank
TSKB Sürdürülebilirlik Danışmanlığı A.Ş.	-	-	99.85%	100.00%	Purchase of shares from other shareholders
Companies Removed From the Bank's Risk Group in 2021					
Cam Elyaf Sanayii A.Ş.	-	-	100.00%	-	Merger
Çayırova Cam Sanayii A.Ş.	-	-	100.00%	-	Merger
Madencilik Sanayii ve Ticaret A.Ş.	-	-	100.00%	-	Merger
Paşabahçe Investment BV	-	-	100.00%	-	Merger
Şişecam Chem Investment Bv	-	-	100.00%	-	Merger
Şişecam Flat Glass Holding B.V.	-	-	100.00%	-	Merger



Changes in Share Percentages in Subsidiaries

Companies With a Title Change in the Bank's Risk Group in 2021		
Former Title	New Title	
Automotive Glass Alliance Rus AO	Sisecam Automotive Rus JSC	Change of title
Automotive Glass Alliance Rus Trading OOO	Sisecam Automotive Rus Trading LLC	Change of title
Glasscorp S.A.	Sisecam Automotive Romania SA	Change of title
Richard Fritz Holding Gmbh	Sisecam Automotive Germany GmbH	Change of title
Richard Fritz Kft	Sisecam Automotive Hungary Kft	Change of title
Richard Fritz Spol S.R.O.	Sisecam Automotive Slovakia S.R.O.	Change of title
Ciner Wyoming Holding Co	Sisecam Chemicals Wyoming LLC	Change of title

Human Resources Data

	2020	2021
Total Number of Employees	23,518	22,802
Number of Employees		
Female	11,907	11,506
Male	11,611	11,296
Number of Employees Covered by Collective Bargaining Agreements		
Female	11,702	11,309
Male	11,432	11,126

Number of Employees by Employment Type	2020	2021
Full-time	23,381	22,678
Partial Time	135	123
Part-time	2	1
Total	23,518	22,802

Number of Employees by Region and Branch	2020	2021
Head Office	7.022	7.083
Branch	15,733	14,968
Region	763	751
Total	23,518	22,802

Human Resources Data

Number of Employees by Gender and Age Upper Management (Board of Directors and Executive Committee)	2020	2021
50 years of age and older		
Female	3	3
Male	15	16
30-50 years of age		
Female	2	0
Male	3	5
30 years of age and younger		
Female	0	0
Male	0	0

Employees in Management Positions (Division Manager and above)	2020	2021
50 years of age and older		
Female	8	8
Male	27	29
30-50 years of age		
Female	7	8
Male	37	37
30 years of age and younger		
Female	0	0
Male	0	0
Total	79	82

Breakdown of Employees by Age	2020	2021
50 years of age and older	492	686
30-50 years of age	21,417	20,914
30 years of age and younger	1,609	1,202
Total	23,518	22,802

Number of Employees by Seniority	2020	2021
0-4.99 years	1,935	1,609
5-9.99 years	4,146	3,314
10+ years	17,437	17,879
Total	23,518	22,802

Employee Turnover Rate (%)	1.60	2.01
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Human Resources Data

Breakdown of Employees by Educational Background	2020	2021
Primary School	57	44
High School	3,516	3,299
College (2 or 3-year Associate Degree)	534	523
University (4-year college)	18,262	17,815
Post-Graduate	1,127	1,100
PhD Degree	22	21
Total	23,518	22,802

Number of Employees Eligible for Parental Leave	2019	2020	2021
Number of Employees Eligible for Parental Leave			
Number of female employees	12,252	11,907	11,506
Number of male employees	11,801	11,611	11,296

Numbers of Employees Taking and Returning From Maternity Leave	2019	2020	2021
Number of Female Employees Eligible for Maternity Leave	780	642	592
Number of Female Employees Returning to Work from Maternity Leave	1,072	880	758
Rate of Return from Maternity Leave	99.5%	99.7%	99.9%
Retention Rate After Maternity Leave	96.2%	96.5%	98.2%
Number of Male Employees Whose Wife Took Maternity Leave	734	580	550
Number of Employees Eligible for Parental Leave	12,252	11,907	11,506

Total Employment Created with Subsidiaries	2019	2020	2021
Number of Subsidiaries Under Our Control	111	106	109
Number of Employees in Subsidiaries	34,207	34,390	35,973

Employee Trainings*	2019	2020	2021
Average Annual Training Hours Per Employee	25,7	25,4	29,3
Average Annual Training Hours Per Female Employee	22,3	23,2	26,7
Average Annual Training Hours Per Male Employee	29,9	28,1	32,7

* Training figures exclude participants of refresher trainings, while Private Security Officers and Servant Staff are not included.

Human Resources Data

Employee Trainings	2019	2020	2021
Anti-Bribery and Anti-Corruption Training			
Number of Trainees	7,577	7,830	5,716
Man*Hours	3,115	857	627
Ethical Principles Training			
Number of Trainees	664	438	2,214
Man*Hours	506	331	1,305
Human Rights Training			
Number of Trainees	260	128	272
Man*Hours	733	315	727
Sustainability Training**			
Number of Trainees	538	1,552	8,637
Man*Hours	4,760	5,946	14,392
Sustainability E-Training			
Number of Trainees	-	-	775
Man*Hours	-	-	388

**Includes sustainability e-training man*hour data.



Human Resources Data

Occupational Health and Safety Data	2021
Injury Rate	
Direct Employment	
Female	
Male	
Contractor Employees	
Female	
Male	
Occupational Disease Rate (ODR)	
Direct Employment	
Female	
Male	
Contractor Employees	
Female	
Male	
Number of Occupational Diseases	
Direct Employment	
Female	
Male	
Contractor Employees	
Female	
Male	
Lost Day Rate (LDR)	
Direct Employment	1.98
Female	1.49
Male	0.49
Contractor Employees	
Female	
Male	
Days of Absence Due to Accident	
Direct Employment	444
Female	335
Male	109
Contractor Employees	
Female	
Male	

Occupational Health and Safety Data	2021
Absentee Rate (AR)	
Direct Employment	0.000079
Female	0.00006
Male	0.000019
Contractor Employees	
Female	
Male	
Number of Work-related Fatalities	
Direct Employment	
Female	
Male	
Contractor Employees	
Female	
Male	
Number of Fatal Incidents	
Direct Employment	
Female	
Male	
Contractor Employees	
Female	
Male	
Number of Incidents	
Direct Employment	46
Female	32
Male	14
Contractor Employees	
Female	
Male	
Accident Frequency Rate*	
Direct Employment	0.20
Female	0.14
Number of Employees Carrying Out Tasks with a High Risk of Occupational Diseases	
Direct Employment	0.20
Contractor Employees	0.14

* Accident frequency rate: Total number of incidents / (Total working hours - Lost hours)*200,000

UN Women's Empowerment Principles Progress Statement

PRINCIPLES	GRI STANDARDS	RELATED SECTION
Principle 1 - Corporate Leadership Supporting Gender Equality	405-1, 405-2	Message from the General Manager, Initiatives Supported in the Field of Sustainability, Equal Opportunity and Diversity
Principle 2 - Equal Opportunity, Participation and Anti-discrimination	202-1, 401-1, 401-3, 405-1, 405-2, 406-1	Equal Opportunity and Diversity
Principle 3 - Health, Safety and Freedom from Violence	406-1	Equal Opportunity and Diversity, Employee Health and Safety
Principle 4 - Education and Training	404-1; 404-3	Equal Opportunity and Diversity, Talent Management
Principle 5 - Business Development, Supply Chain and Marketing Practices	204-1; 103-1; 103-2; 103-3	Supply Chain Management, Business Ethics
Principle 6 - Community Leadership and Participation	413-1	Initiatives Supported in the Field of Sustainability
Principle 7 - Measurement and Transparent Reporting for Gender Equality	405-1; 405-2; 103-1; 103-2; 103-3	Equal Opportunity and Diversity



Amendments in the Articles of Incorporation in 2021

ARTICLE	PREVIOUS	NEW
25 ⁽¹⁾	Elections of Members to the Board of Directors The Board of Directors shall consist of 7 to 11 members, one being the General Manager. Directors, with the exception of the General Manager, shall be elected by the General Assembly for a term of three years, and a new election shall take place at the end of every three years. Directors shall be eligible for re-election. The first Board of Directors, with the exception of the General Manager, consists of the following: Fuad, Deputy for Rize, Fikret, M.D. Deputy for Ertuğrul, Kılıç Ali, Deputy for Gaziantep, İhsan, Deputy for Cebelibereket, Mahmud, Deputy for Siirt, Salih, Deputy for Yozgat, Rasim, Deputy for Sivas, Rahmi, Deputy for İzmir, Kınacı Zade Şakir, Deputy for Ankara.	Elections of Members to the Board of Directors The Board of Directors shall consist of 7 to 11 members, one being the General Manager. Directors, with the exception of the General Manager, shall be elected by the General Assembly for a maximum term of three years. Directors shall be eligible for re-election. The first Board of Directors, with the exception of the General Manager, consists of the following: Fuad, Deputy for Rize, Fikret, M.D. Deputy for Ertuğrul, Kılıç Ali, Deputy for Gaziantep, İhsan, Deputy for Cebelibereket, Mahmud, Deputy for Siirt, Salih, Deputy for Yozgat, Rasim, Deputy for Sivas, Rahmi, Deputy for İzmir, Kınacı Zade Şakir, Deputy for Ankara.

ARTICLE	PREVIOUS	NEW
28 ⁽²⁾	Meetings of the Board of Directors The Board of Directors shall hold their meetings at least once a month at the address where the Head Office is located. The Board of Directors may also hold meetings in any other suitable place, provided that more than one-half of the Board members concur. The presence of more than one-half of the Board members is required for the validity of the meetings. Resolution shall be adopted by the majority of the members present; in the event of an equality of the votes, the matter shall be postponed until the subsequent meeting; should the votes again be equal, the proposal in question shall be considered as rejected. Minutes recording the proceedings and the names of the attending members shall be drawn up and transcribed into the Book of Resolutions of the Board of Directors and it shall be signed by the members present at the meeting. Dissenting members are bound to specify the motives of their dissent and to sign the Book. Should it be necessary to make full or partial copies of the minutes, they shall be required to carry the signature of the Chairman in order to be valid so far as third parties are concerned. Any member who is absent from the meetings of the Board for three consecutive months without a leave from the Board of Directors, shall be deemed to have resigned.	Meetings of the Board of Directors The Board of Directors shall hold their meetings at least once a month at the address where the Head Office is located. The Board of Directors may also hold meetings in any other suitable place, provided that more than one-half of the Board members concur. The meetings of Board of Directors may also be held electronically. Those entitled to attend the meetings of the Board of Directors may attend these meetings electronically in line with Article 1527 of Turkish Commercial Code. The Bank may set up an electronic meeting system, which allows those entitled to attend the meetings and vote electronically under the provisions of Communiqué on Electronic Meetings of Commercial Companies other than the General Assembly Meetings of Joint-Stock Companies by Electronic Means, or buy such systems developed for this purpose. At the meetings to be held, pursuant to this provision of the Articles of Incorporation, it shall be ensured that those entitled will be able to exercise their rights specified in the relevant legislation via the system established or the system to be purchased from support service providers as set out in the said Regulation. The presence of more than one-half of the Board members is required for the validity of the meetings. Resolution shall be adopted by the majority of the members present; in the event of an equality of the votes, the matter shall be postponed until the subsequent meeting; should the votes again be equal, the proposal in question shall be considered as rejected. Resolutions taken by the Board of Directors are transcribed into the Book of Resolutions of the Board of Directors in accordance with the legislation and it shall be signed by the members present at the meeting. Dissenting members are bound to specify the motives of their dissent and to sign the Book. Should it be necessary to make full or partial copies of the resolutions, they shall be required to carry the signature of the Chairman in order to be valid so far as third parties are concerned. Any member who is absent from the meetings of the Board for three consecutive months without a leave from the Board of Directors, shall be deemed to have resigned.

ARTICLE	PREVIOUS	NEW
62 ⁽³⁾	Consequences of Liquidation After the debts of the dissolved Corporation have been settled, and one year has elapsed since the third notice of dissolution, the amount to be paid to each share will be calculated by way of dividing the balance of assets into the total number of shares, by considering one Group (A) share as times 20 due to the reason that 20 Group (A) shares each with a nominal value of TL 500 (this amount is related to the period prior to the Law Regarding the Monetary Unit of the Turkish Republic Numbered 5083, on which the rate of change has not been applied) have been changed with 1 Group (A) share with a nominal value of 1 Kurus, thus by considering each Group (A) share as times 20. In other cases where ownership of shares should, of necessity, cease to exist, payments to be made to the shareholders shall be subject to the provisions of the first paragraph.	Consequences of Liquidation After the debts of the dissolved Corporation have been settled, and at least six months has elapsed since the third notice of dissolution, the amount to be paid to each share will be calculated by way of dividing the balance of assets into the total number of shares, by considering one Group (A) share as times 20 due to the reason that 20 Group (A) shares each with a nominal value of TL 500 (this amount is related to the period prior to the Law Regarding the Monetary Unit of the Turkish Republic Numbered 5083, on which the rate of change has not been applied) have been changed with 1 Group (A) share with a nominal value of 1 Kurus, thus by considering each Group (A) share as times 20. In other cases where ownership of shares should, of necessity, cease to exist, payments to be made to the shareholders shall be subject to the provisions of the first paragraph.

⁽¹⁾ In case of request, the election of a member of the Board of Directors is allowed for a period of less than 3 years.

⁽²⁾ The necessary provision has been added in accordance with the relevant legislation to ensure that the meetings of the Board of Directors can be held electronically.

In addition, the provisions regarding the recording of the decisions taken at the Board of Directors meetings have been updated in line with the legislation and the actual practice of our Bank.

⁽³⁾ The article has been amended within the scope of compliance with the amendment made in article 543 of the Turkish Commercial Code.



INDEPENDENT AUDITOR’S REPORT on the ANNUAL REPORT of the BOARD of DIRECTORS



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To the Shareholders of Türkiye İş Bankası Anonim Şirketi

1) Qualified Opinion

We have audited the annual report of Türkiye İş Bankası A.Ş. (“the Bank”) and its subsidiaries (“the Group”) for the period of January 1, 2021 – December 31, 2021.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor’s Report on the complete set of audited unconsolidated and consolidated financial statements of the Bank and the Group for the period between 1 January 2021 and 31 December 2021 dated February 8, 2022, the unconsolidated and consolidated financial statements as at December 31, 2021 include a free provision at an amount of TL 4,075,000 thousands of which TL 2,875,000 thousands was provided in prior years and TL 1,200,000 thousands provided in the current period by the Bank and the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of “Turkish Accounting Standard” (TAS) 37 “Provisions, Contingent Liabilities and Contingent Assets”.

We conducted our audit in accordance with “Regulation on independent audit of the Banks” published in the Official Gazette no.29314 dated 2 April 2015 published by Banking Regulation and Supervision Agency (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3) Our Auditor’s Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed qualified opinions in our auditor’s reports dated February 8, 2022 on the full set consolidated and unconsolidated financial statements of the Group for the period of 1/1/2021-31/12/2021.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 (“TCC”) and communique on ‘Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks’, the management of the Group is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communique on ‘Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks’ published in official gazette no.26333 dated November 1, 2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions

5) Auditor’s Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on ‘Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks’ published in official gazette no.26333 dated November 1, 2006 , “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 Agency (BRSA), circulars, interpretations published by BRSA and “BRSA Accounting and Financial Reporting Legislation” which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group’s audited consolidated and unconsolidated financial statements and to prepare a report including our opinion

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatma Ebru Yücel.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited


Fatma Ebru Yücel SMMM
Partner

March 3, 2022

İstanbul, Türkiye



Reporting Guidance

Reporting Guidance	
Environmental Indicators	
Total Energy Consumption (GJ)	Total energy consumption calculations include electricity, natural gas, fuel-oil, coal and diesel consumption figures. Electricity consumption was initially calculated in kWh and then converted to GJ. In this conversion, a conversion factor of 1 kWh = 0.0036 GJ was used. After calculating monthly natural gas consumption in m3, monthly coal consumption in kg, monthly fuel-oil and diesel consumption in liters in 2021, these consumption values were converted to kWh by using the monthly lower heating values on the invoices. The annual total consumption, calculated as a sum of these monthly consumptions, was then converted to GJ using the conversion factor mentioned above and added to the total energy consumption. The reporting limits for this KPI covers İşbank's operations in Turkey.
Greenhouse Gas Emissions <ul style="list-style-type: none">Scope 1 (ton CO₂e)Scope 2 (ton CO₂e)Scope 3 (ton CO₂e)	<p>Greenhouse gas emissions refer to the carbon emissions caused by energy consumption and refrigerant gases during the reporting period.</p> <p>Greenhouse gas emissions arising from İşbank's operations in Turkey were calculated in accordance with The Greenhouse Gas Protocol: A Revised Corporate Accounting and Reporting Standard by Demir Enerji, a firm offering consultancy services in the area of Climate Change and Carbon Management.</p> <p>Greenhouse gas emissions were calculated in 3 different scopes: Scope 1 (Direct Greenhouse Gas Emissions), Scope 2 (Indirect Greenhouse Gas Emissions) and Scope 3 (Other Indirect Greenhouse Gas Emissions).</p> <p>IPCC 5th Assessment Report factors were used for emission factors. Network Emission Factor was calculated based on the data provided by TEİAŞ. Direct greenhouse gas (GHG) emissions (Scope 1) and indirect energy greenhouse gas (GHG) emissions (Scope 2) were reported according to the GHG Protocol – Market-Based approach. Other indirect greenhouse gas (GHG) emissions (Scope 3) were reported according to the GHG Protocol. DEFRA emission factors were used for air travel emissions, and Environmental Paper Network emission factors were used for paper consumption.</p> <p>When calculating greenhouse gas emissions, the following sources causing carbon emissions were considered:</p> <p>Scope 1 emissions*:</p> <ul style="list-style-type: none">Natural gas, diesel, LPG, fuel-oil and coal consumption for heating purposesFuels used in generators (Diesel)Fuel Consumption of Company Vehicles (Diesel and Gasoline)Refrigerants (leaks reported during installation and maintenance phases were taken into account) <p>Scope 2 emissions*:</p> <ul style="list-style-type: none">Electricity consumption <p>Scope 3 emissions*:</p> <ul style="list-style-type: none">Fuel consumption of Personnel Service VehiclesDomestic Business Travel (Flight, Bus, Taxi)International Business Travel (Flight)Paper ConsumptionFuel Consumption of Private Cars <p>*The reporting limits for this KPI covers İşbank's operations in Turkey.</p> <p>*The impact of remote working is not included in the resource consumption and emission calculations during the reporting period.</p>
Fuel Consumption of Vehicles <ul style="list-style-type: none">Fuel Consumption of Personnel Service Vehicles (lt)Fuel Consumption of Private Cars (lt)Fuel Consumption of Company Vehicles (lt)	<p>Personnel service vehicles include the vehicles used for transportation of employees working at the Head Office buildings (İş Kuleleri Kule 1, ATOM, TUTOM and ATLAS buildings) and branches/regions. Fuel consumption was calculated based on the distance figures provided by the transportation firm used for transport of personnel.</p> <p>Use of private vehicles includes use of private vehicles for business travel and business-related purposes by employees working at the Head Office buildings (İş Kuleleri Kule 1, ATOM, TUTOM and ATLAS buildings) and all branches.</p> <p>Company vehicles include all vehicles in the Bank's fleet, including transport vehicles. Fuel consumption data provided by the supplier firm was taken into account.</p>

Total Yearly Water Consumption (m³) <ul style="list-style-type: none">Total municipal water (blue) consumption (m³)Total wastewater (grey) consumption (m³)Total spring water (green) consumption (m³) Total amount of recycled/reused water (m³)	<p>İşbank uses locally supplied municipal water and spring water in its operations in Turkey. The reporting scope includes the total amount of water drawn and used for consumption.</p> <p>Water consumption was evaluated in 3 different categories: Municipal Water (Blue), Wastewater (Gray) and Spring Water (Green). Municipal water (Blue) covers the amount of water purchased from municipalities or other authorized suppliers such as İSKİ.</p> <p>Consumption figures are monitored via invoices and the amount of water paid for in advance on prepaid meters. Consumption at all locations is monitored and reported throughout the year.</p> <p>Consumption figures of some service buildings (28 buildings) cannot be determined in any way. For these buildings, estimated consumption was calculated based on the number of employees according to the TS1258 standard.</p> <p>All municipal water consumption is considered as wastewater (gray).</p> <p>Naturally formed surface water and groundwater are included in the scope of spring water (green). While calculating consumption of spring water (green), meter readings done by the building management were taken into consideration. Spring water consumption also reflects the total amount of recycled water.</p> <p>Rain water is collected, filtered and stored in water tanks at our Head Office Building, Tuzla Technology and Operations Center and the Atlas Data Center buildings, and the consumption of water from these water storage tanks in these buildings is measured and monitored via meters.</p>
Greenhouse Gas Emission Intensity <ul style="list-style-type: none">Emission Per Employee (tCO₂e/Number of Employees)Emission According to Consolidated Total Assets (tCO₂e/million TL)Emission According to Consolidated Net Profit (tCO₂e/million TL)	<p>These are the GHG intensity figures calculated by dividing the Bank's Scope 1 and Scope 2 GHG emissions by the Bank's consolidated assets, consolidated net profit and the total number of employees in Turkey. Consolidated total assets and net profit values of the Bank were taken from the financial statements dated 31 December 2021 which were approved by an independent auditor.</p>
<ul style="list-style-type: none">Amount (tons) and Type of Recycled Hazardous WasteAmount (tons) and Type of Recycled Non-Hazardous WasteAmount of Recycled Paper (tons)	<p>Recycled hazardous waste includes batteries, fluorescent lamps, car batteries and toner cartridges.</p> <p>Plastic, metal, and glass are considered as recycled non-hazardous waste.</p> <p>Recycled paper waste includes waste such as paper, cardboard boxes and other similar waste.</p> <p>The reporting limits for waste include ATOM, TUTOM, Kule- 1, ATLAS buildings and the Branch buildings with ISO 14001 environmental management certification.</p> <p>When calculating the amount of recycled waste, receipts provided by authorized recycling firms were taken into account.</p>
Renewable Energy Portfolio	
The number of renewable energy projects financed in 2021, their installed capacity (MW) and the loan amount provided to these projects Total installed capacity of the renewable energy projects financed by İşbank	<p>As of 2021, İşbank's portfolio included the following renewable energy projects:</p> <ul style="list-style-type: none">Hydroelectric Power Plant (HPP)Wind Power Plant (WPP)Biomass Power Plant (BPP)Solar Power Plant (SPP)Geothermal Power Plant (GPP) <p>The loan amount provided for the projects has been determined over the total limit information by taking the sum of cash and non-cash loans extended by the Corporate Loans Underwriting, Commercial Loans Underwriting, Retail Loans Underwriting and Project Finance Divisions of the Bank.</p> <p>In this process, the loan allocation files of the projects were taken as reference in determining the total loan amounts provided to the projects along with the information on installed capacity. The number of renewable energy projects includes the number of power plants financed. When calculating installed capacity for projects financed by consortium structures, bank shares are not taken into consideration, and the total installed capacity of the power plant/plants is reported.</p>
Environmental and Social Risk Indicators	
Number of projects financed after undergoing environmental and social risk evaluation, risk categories	<p>Projects with an investment amount of 10 million USD and more, for which loans were allocated and/or contracted during the reporting year, are evaluated according to the Environmental and Social Risk Evaluation Model (ÇESMOD), which is described in detail under the Responsible Financing section of the Responsible Banking chapter. Projects undergoing the ÇESMOD evaluation process are evaluated against national and international regulations such as IFC (International Finance Corporation) Performance Standards, EBRD (European Bank for Reconstruction and Development) Performance Requirements, and Equator Principles, and a Project Environmental and Social Assessment Document is prepared for each project.</p>
Field visits made as part of environmental and social risk evaluation	<p>This indicator provides the number of field visits carried out within the scope of environmental and social risk assessment to monitor the projects financed in 2021 or before. Field visit notes, photographs and travel details were reviewed during the assurance audit process.</p>



Reporting Guidance

Talent Management Indicators	
<ul style="list-style-type: none">▪ Average annual training hours per employee▪ Average training hours per female employee▪ Average training hours per male employee	Training hours were calculated by including all trainings, except for private security refresher trainings, given to employees during the year. In this context, the calculations were made by dividing the total hours of training given to the employees during the reporting period by the number of employees as of 31 December 2021 (security and servant staff are not included in these calculations).
<ul style="list-style-type: none">▪ Number of employees receiving "Anti-Bribery and Anti-Corruption" training and total training hours▪ Number of employees receiving "Ethical Principles/Business Ethics" training and total training hours▪ Number of employees receiving "Human Rights" training and total training hours▪ Number of employees receiving "Sustainability" training and total training hours▪ Number of participants of information security trainings and total training hours	<p>"Anti-Bribery and Anti-Corruption", "Ethical Principles/Business Ethics", "Human Rights" and "Sustainability" trainings covered the respective subjects. When calculating this indicator, the number of employees who participated in the trainings and the amount of time allocated to those subjects within the trainings were taken into account. There are no trainings directly devoted to the subjects of "Anti-Bribery and Anti-Corruption" and "Human Rights" within the Bank, but these subjects are addressed within certain training programs at certain times. Therefore, when calculating the total hours of training and the number of employees who received these trainings, the time allocated for these subjects within the current training programs are taken into account. When calculating training hours, the hours of the trainings given in these areas within the training programs organized by the Board of Inspectors for the Board Members were not included in the calculation.</p> <p>The subject of human rights is also covered in the course of "Law on Private Security Services and Individual Rights", which is provided to private security personnel as part of their refresher trainings at certain intervals. This subject was not included in the training hour calculations since it is a subject which is covered within the 10-hour refresher trainings provided by different suppliers in different provinces.</p> <p>When calculating the total hours of information security trainings, the number of employees who participated in the trainings covering information security related issues (e.g. cyber security, social engineering and information security) and the number of hours of these trainings were taken into account.</p>
<ul style="list-style-type: none">▪ Hours of training per newly recruited employee in their first year▪ Hours of training per person in the management and leadership development program▪ Hours of training per person in IT competence development trainings▪ Share of digital trainings within all trainings (%)	<p>Hours of training per newly recruited employee in their first year indicates the ratio of the total hours of training received by new employees during the reporting period to the number of newly recruited employees. When calculating this indicator, private security personnel, members of the Board of Directors, and servant staff were excluded.</p> <p>Hours of training per person in management and leadership development programs are calculated by dividing the total hours of training received by the managers (assistant managers and above) who participated in management and leadership development programs during the reporting period by the number of managers (assistant managers and above) as of 31 December 2021.</p> <p>Hours of training per person in IT competence development trainings is calculated by dividing the total hours of "IT Business Line Trainings" received by the employees of the Information Technologies Division, Data Management Division and Information Security Coordination Division by the number of employees of the Information Technologies Division, Data Management Division and Information Security Coordination Division (excluding private security personnel and servant staff) as of 31 December 2021.</p> <p>Digital trainings include trainings on various subjects such as video, e-training and e-games.</p> <p>The share of digital trainings within all trainings was calculated by dividing the total hours of Digital Trainings completed during the reporting period by the total number of hours calculated for all trainings.</p>
Human Resources Indicators	
Total Number of Employees	The total number of employees includes all employees of İşbank in Turkey and abroad as of 31 December 2021. The total number of employees excludes interns, subcontractors, and the employees of the Bank-Finance and Insurance Workers Union (BASİSEN) and İşbank Members' Supplementary Pension Fund as well as the employees of the Bank's national and international subsidiaries as of 31 December 2021.
Breakdown of employees by gender and type of employment	<p>This indicator represents the breakdown of the total number of employees by gender and employment type (Full Time / Part Time and Partial Time Status).</p> <p>Part time employees include those for whom a working day consists of 4 hours. Partial time status employees include those for whom a working day is 5 hours. Partial time status is provided to contract-based employees as well as permanent staff upon their return from maternity leave or their partners.</p>
Employee turnover rate (%)	This indicator represents the ratio of the total number of employees who resigned during the year to the average number of employees. The average number of employees is calculated by dividing the sum of the numbers of Bank employees, as determined at the end of each month (for 12 months), by 12.

Rate of female managers (%)	This indicator represents the ratio of the total number of female employees in management roles (assistant manager and above) to the total number of managers (assistant manager and above) as of 31 December 2021 (titles of assistant manager and above include Assistant Managers, IT Managers, Managers and members of the Board of Directors).
Unionization rate (%)	This indicator represents the ratio of employees who are members of BASİSEN to the total number of employees as of 31 December 2021.
Number of employees benefitting from maternity leave	This indicator represents the number of female employees who returned from paid or unpaid maternity leave during the reporting period.
Number of employees returning from maternity leave	Raporlama dönemi içerisinde ücretli veya ücretsiz doğum izninden dönen kadın çalışan sayısını ifade etmektedir.
Rate of return from maternity leave (%)	This indicator shows the ratio of female employees who returned to work from (paid or unpaid) maternity leave during the reporting period to the total number of female employees whose date of return from (paid or unpaid) maternity leave was within the reporting period.
Retention rate after maternity leave (%)	Retention rate after maternity leave is calculated and reported for the year preceding the reporting period, and it is defined as the percentage of female employees who returned from maternity leave and continued to work at İşbank as of the end of the reporting period. The rate of retention reported for 2021 reflects the ratio of female employees who returned from (paid or unpaid) maternity leave in 2020 and continued to work at İşbank for 1 year to the total number of female employees who returned from (paid or unpaid) maternity leave in 2020.
Number of employees using paternity leave	The number of employees using paternity leave represents the number of male employees who took paternity leave due to their wife giving birth and whose paternity leave start date was within the reporting period (01.01.2021/31.12.2021).
OHS Data on the Basis of Female and Male Employees	
Number of incidents	The Occupational Health and Safety data includes those İşbank employees who are employed within the borders of the Republic of Turkey. This indicator represents the definition of work accident as provided in the laws no. 6331 and 5510. In this context, calculations were made by considering the statements of the employees who reported work accidents, the hospital reports, and the reports prepared by the workplace doctor or institution doctor.
Injury rate	This is the ratio of the number of injuries resulting from work accidents to the total number of full-time employees.
Number of fatal incidents and number of work-related fatalities	It is the number of deaths due to work accidents. This indicator is evaluated according to the result of the fatalities report submitted by the competent authorities together with judicial authorities after an incident.
Number of occupational diseases	This indicator represents the number of acute or chronic disease cases suffered by employees due to the nature of their work or conditions of the work. These calculations are made by taking into account the reports sent by the Health Committees authorized by the Turkish Ministry of Health to the related company.
Absence due to accident	This indicator is calculated by taking into account the days of absence due to work accidents. In this regard, calculations were made according to the periods of rest specified in the doctor reports submitted by the employees who reported a work accident to the Human Resources Management Division.
Accident frequency rate	The ratio of accidents during the year to total working time was calculated. In this regard, calculations were made according to the formula of "Total Number of Accidents* 200,000/ (Total Working Hours - Lost Hours)". The number of accidents used in this formula is obtained from the accident report forms filled out by employees. While calculating total working hours, official holidays within the year are subtracted and 1 workday is accepted as 8 hours. The lost hours figure is reported by calculating the total number of working hours lost based on the number of days lost due to an accident.
Lost day rate	This indicator represents the ratio of the number of days lost due to work accidents to the total number of working hours. This calculation used the following formula: (Total Number of Lost Days * 200,000)/Total Working Hours. The lost days used in the formula is derived from the data on absence due to accidents.
Occupational disease rate	This indicator represents the ratio of the number of employees who suffer acute or chronic diseases due to the nature of their work or conditions of the work to the total working hours. This calculation used the following formula: (Number of Occupational Diseases * 200,000)/Total Working Hours.
Absentee rate	This indicator represents the ratio of the number of lost hours to the total number of working hours. This calculation used the following formula: Number of Lost Hours/Total Working Hours.
Number of Occupational Health and Safety Committees (OHS Committees) and the total numbers of members and employee representatives in the committees	This indicator refers to the number of OHS committees established at the Bank's service buildings with an employee population of 50 or more in accordance with the OHS law no. 6331 and applicable regulations. In this context, the total number of members in OHS committees set out in the applicable law defines the total number of members in the OHS committees, and union representatives are naturally considered as employee representatives.



Reporting Guidance

Other Indicators	
Total amount of loan agreements signed with international financial institutions within the sustainable framework during the year	<p>In 2021, the amount of funds obtained from international financial institutions such as KfW, EIB, EBRD, Proparco, OPIC and IFC through bilateral agreements or securitization transactions with special loan allocation purposes aimed at creating environmental and social benefits was checked.</p> <p>A list of loan agreements in line with the sustainable framework signed with international financial institutions was obtained from the Financial Institutions Division, and the relevant loan agreements and loan allocation documents were reviewed. Items such as signature date, signatures, loan allocation date, principal amount, interest amount and principal currency in these contracts and loan allocation documents were examined. The bank system screenshots for the relevant loans were examined and compared with the screenshots for the amounts reported to the BRSA and the Central Bank of the Republic of Turkey.</p>
Number of Customers	<p>This indicator includes all İşbank customers, whether real or legal persons, including inactive personal customers who had an account at İşbank (except for cancelled/inactive customers and customers with non-performing loans) as of 31.12.2021 and potential customers who engaged with the Bank (through a money transfer, loan application, possession of a supplementary card or attorney-client relationship).</p>
Number of digital banking customers	<p>This represents the number of customers who successfully logged into any of the individual İşÇep, commercial İşÇep, Maximum Mobile, Maximum İşyerim, individual Internet Branch and Commercial Internet Branch channels with their customer number and password between 01.01.2021 and 31.12.2021.</p>
Number of mobile banking users	<p>This represents the number of customers who successfully logged into any of the individual İşÇep, commercial İşÇep, Maximum İşyerim and Maximum Mobile channels with their customer number and password between 01.01.2021 and 31.12.2021.</p>
Customer satisfaction score - Net promoter score	<p>This indicator covers the scores achieved in individual and commercial customer experience surveys conducted by independent research companies during the reporting period.</p>
Total paper savings thanks to digitized processes	<p>The paper savings data for 2021 was determined based on the number of pages of digitally approved contracts, the number of letters sent via KEP notifications, and the number of digitally signed receipts. The figures for digitally approved contracts and KEP notifications were obtained from the reports created to monitor them. Whereas the number of digitally signed receipts was obtained via a database query.</p>
Number of saplings planted during the year under the project with the TEMA Foundation	<p>This indicator represents the number of saplings to be planted in 2022 in return for the paper waste (papers belonging to outdated files from the archive) donated to TEMA by İşbank between 1 March 2021 and 31 January 2022, and 1 sapling was planted for each 100 kg of waste paper donation. Receipts regarding collection of paper from archives were reviewed.</p>
Number of graduates from the "81 Students from 81 Cities" Project conducted with Darüşşafaka	<p>This indicator represents the number of students who received a scholarship from İşbank under the "81 Students from 81 Cities" scholarship program conducted by İşbank in collaboration with Darüşşafaka and graduated from Darüşşafaka in 2021, and the information contained in the official letter from Darüşşafaka was taken into account.</p>
Total amount of cash loans extended to the agricultural sector (billion TL)	<p>This indicator represents the total amount of retail and commercial cash loans extended to the agriculture and livestock sector in 2021 and also includes those loans that fall under the NACE A code. The labeling and classification of the loans in the system were checked and tested.</p>
Total amount of loans provided to SMEs (billion TL)	<p>The way the loans underwriting teams labeled and classified the loans extended to SMEs in the systems was checked and tested with examples. The total amount of financing was reviewed.</p>
Number of İŞ'TE KOBİ SME website views	<p>This indicator includes the number of users who logged into İşbank's website www.istekobi.com.tr, which had been active since 2008, in 2021, and is based on the data from Google Analytics.</p>
Number of Bankamatik ATMs	<p>This indicator represents the total number of İşbank's Bankamatik ATMs in Turkey and the Turkish Republic of Northern Cyprus (TRNC). During the reviews, the data provided by the Interbank Card Center for December 2021 was taken into account.</p>
Number of disabled-friendly Bankamatik ATMs	<p>This indicator represents the total number of İşbank's Bankamatik ATMs located in Turkey and the Turkish Republic of Northern Cyprus (TRNC) which were wheelchair-accessible and/or had a headphone jack.</p>
Total amount of financing provided to women entrepreneurs	<p>The total amount of financing provided in TL to those SMEs which were included in the number of female customers that matched with the BRSA's definition of SME in 2021 was checked and tested.</p>

Independent Assurance Report



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Limited Assurance Report

To the Board of Directors of T. İş Bankası A.Ş.

We were engaged by T. İş Bankası A.Ş. (hereinafter “Bank” or “İş Bankası”), to provide independent limited assurance on the “Selected Information” contained in the Integrated Annual Report of İş Bankası (hereinafter "the Report") for the year ended 31 December 2021.

The scope of our assurance is limited to the Selected Information listed for İş Bankası below:

- Number of renewable energy projects financed during the year, their installed capacity (MW) and the loan amount provided to these projects (million USD)
- Number of projects financed after undergoing environmental and social risk evaluation, and risk categories
- Number of field visits made as part of environmental and social risk management
- Total amount of cash commercial loans extended to the agricultural sector (billion TL)
- Total amount of loan agreements signed with international financial institutions within the sustainable framework during the year
- Amount of supplied renewable energy
- Total amount of loans provided to SMEs (billion TL)
- Number of İŞ'TE KOBİ SME website views
- Total amount of financing provided to women entrepreneurs
- Number of saplings planted during the year under the project with the TEMA Foundation
- Number of Customers
- Net Promoter Score
- Customer satisfaction score
- Number of ATMs
- Number of disabled-friendly ATMs
- Ratio of disabled-friendly ATMs (%)
- Number of digital banking customers
- Number of mobile banking users
- Total paper savings thanks to digitized processes (pages)
- Total number of employees
- Breakdown of employees by gender and type of employment
- Employee turnover rate (%)
- Women employee ratio in senior management (%)
- Unionization rate (%)



Assurance Report

- Number of employees taking and returning from maternity leave
- Rate of return from maternity leave and retention rate after maternity leave (%)
- Number of employees using paternity leave
- OHS data on the basis of female and male employees
 - Number of incidents
 - Number of fatal incidents
 - Number of occupational diseases
 - Days of absence due to accident
 - Accident frequency rate
 - Lost day rate (LDR)
 - Occupational disease rate (ODR)
 - Absentee rate (AR)
 - Injury rate
 - Number of work-related fatalities
 - Number of employees carrying out tasks with a high risk of occupational diseases
- Number of Occupational Health and Safety Committees (OHS Committees) and the total numbers of members and employee representatives in the committees
- Average training hours per employee, average training hours per female employee, average training hours per male employee
- Hours of training per newly recruited employee in their first year
- Number of employees receiving "Anti-Bribery and Anti-Corruption", "Ethical Principles / Business Ethics", "Human Rights" and "Sustainability" training and total training hours
- Number of participants of information security trainings and total training hours
- Share of digital trainings within all trainings (%)
- Hours of training per person in the management and leadership development program
- Hours of training per person in Information Technologies (IT) competence development trainings
- Number of graduates from the "81 Students from 81 Cities"
- Greenhouse Gas Emissions;
 - Scope 1 (ton CO₂e)
 - Scope 2 (ton CO₂e)
 - Scope 3 (ton CO₂e)
- Electricity consumption (kWh)
- Natural gas consumption (m³)
- Fuel-oil consumption (lt)
- Coal consumption (kg)
- Diesel consumption (lt)
- Total energy consumption (GJ)
- Fuel consumption of vehicles (lt) (fuel consumption of company vehicles, fuel consumption of personnel service vehicles, fuel consumption due to business travel with private cars)
- Total water consumption (m³)
- Total consumption of municipal water - Blue (m³)
- Total spring water consumption - Green (m³)
- Total wastewater consumption - Gray (m³)
- Amount of recovered/re-used water (m³)
- Paper consumption (tons)
- Amount of recycled paper (tons)

- Amount (tons) and type of waste (electronic, domestic, paper, medical, total)
- Amount (tons) and type of recycled hazardous waste (car batteries, batteries, fluorescent lamps, toner cartridges)
- Amount (tons) and type of recycled non-hazardous waste (glass, metal, plastic)
- Amount of electronic waste recycled
- Emission intensities (per employee, per consolidated total assets, and per consolidated net profit)

Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the İş Bankası's Reporting Guidance as described in the Report, and the information and assertions contained within it; for determining the İş Bankası's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that İş Bankası complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

Our responsibility is to carry out an independent limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply the International Standard on Quality Control 1 (ISQC1) and, in conformity with this Standard, maintain a comprehensive system of quality control including documented policies and procedures regarding the compliance with ethical principles, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information,
- Using the Reporting Guidance of the Report to measure and evaluate the Selected Information,
- Evaluating the design and implementation of key processes and controls over the Selected Information,
- Re-performing, on a sample basis, the calculations used to prepare the Selected Information for the reporting period,
- Evaluating the disclosure and presentation of the Selected Information in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of İş Bankası,
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information,
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of İş Bankası.



Assurance Report

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less wide than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in the Report of İş Bankası for the year ended 31 December 2021 is not presented, in all material respects, in accordance with the İş Bankası’s internally developed reporting criteria as explained in the Reporting Guidance.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for İş Bankası in connect with reporting to İş Bankası and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than İş Bankası, for any purpose or in any other context. Any party other than İş Bankası who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than İş Bankası for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,
Partner
İstanbul, 3 March 2022

GRI Content Index



Description		Descriptions and Page Numbers
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Corporate Profile		
	102-1	About the Report, page: 5
	102-2	An Overview of İşbank, page: 8-13 https://www.isbank.com.tr/en/about-us
	102-3	https://www.isbank.com.tr/iletisim
	102-4	An Overview of İşbank, page: 8-13 https://www.isbank.com.tr/en/about-us
	102-5	An Overview of İşbank, page: 8-13 https://www.isbank.com.tr/en/about-us
	102-6	https://www.isbank.com.tr/en/about-us/sectoral-breakdown
	102-7	An Overview of İşbank, page: 8-13 https://www.isbank.com.tr/en/about-us
	102-8	Equal Opportunity and Diversity, page: 127-128; Human Resources Data, page: 452-455
	102-9	Supply Chain Management, page: 110-113; Supplier Management Principles https://www.isbank.com.tr/en/about-us/our-policies
	102-10	GRI Content Index: In 2021, 2 new branches were opened, and 34 branches, 1 of which being located abroad, were merged, bringing the total number of branches to 1,195, including 1,174 domestic branches and 21 foreign branches, as of year end. In line with the changes in the fields of electronic commerce ecosystem and payments, İşbank acquired all of the shares of Moka Ödeme Kuruluşu A.Ş. on January 5 2021 in order to benefit from the potential opportunities in these fields. The ecosystem functions of Maximum Mobil and Maximum İşyerim apps were turned into an entrepreneurship, and platform services began to be offered via Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş.
	102-11	Risk Management, page: 156-158
	102-12	Corporate Memberships, page: 436; Initiatives Supported in the Field of Sustainability, page: 44-45
	102-13	Corporate Memberships, page: 436
Strategy		
	102-14	Message from the Chairperson, page: 14-15; Message from the General Manager, page: 16-17
	102-15	Risk Management, page: 156-158; Global Tendencies, Risks, Opportunities and Forecasts, page: 26-28
Ethics and Integrity		
	102-16	Business Ethics, page: 159; Ethical Principles, https://www.isbank.com.tr/en/about-us/corporate-governance
	102-17	Business Ethics, page: 159; Ethical Principles, https://www.isbank.com.tr/en/about-us/corporate-governance

For the Materiality Disclosures Service, GRI Services assessed that the GRI Content Index is clearly presented and the references for Disclosures 102-40 to 102-49 align with the appropriate sections in the body of the report. This service was performed on the Turkish version of the report.



GRI Content Index

Governance		
	102-18	Organization Chart, page: 144
	102-19	Sustainability Management, page: 38
	102-20	Sustainability Management, page: 38
	102-21	Expectations of Stakeholders and İşBank's Response, page: 39-43; Stakeholder Groups and Primary ESG Issues, page: 35
	102-22	Management Structure, page: 137-143
	102-23	GRI Content Index: The Chairperson of İşbank has no executive duty.
	102-24	https://www.isbank.com.tr/en/about-us/annual-reports
	102-25	https://www.isbank.com.tr/en/about-us/annual-reports
	102-26	Management Structure, page: 137; https://www.isbank.com.tr/en/about-us/annual-reports
	102-27	Management Structure, page: 138-139; https://www.isbank.com.tr/en/about-us/annual-reports
	102-28	Management Structure, page: 138; https://www.isbank.com.tr/en/about-us/annual-reports
	102-29	Sustainability Management, page: 38; Sustainability Priorities, page: 33
	102-30	Risk Management, page: 156-158; https://www.isbank.com.tr/en/about-us/annual-reports
	102-31	Sustainability Management, page: 38; Sustainability Priorities, page: 33
	102-32	Sustainability Management, page: 38
	102-33	Expectations of Stakeholders and İşBank's Response, page: 39-43
	102-34	Expectations of Stakeholders and İşBank's Response, page: 39-43
	102-35	Remuneration Policy, https://www.isbank.com.tr/en/about-us/Documents/investor-relations/remuneration-policy.pdf ; Employee Rights, page: 124; Remuneration Committee, page: 148, https://www.isbank.com.tr/en/about-us/annual-reports
	102-36	Remuneration Policy, https://www.isbank.com.tr/en/about-us/Documents/investor-relations/remuneration-policy.pdf ; Employee Rights, page: 124; Remuneration Committee, page: 148, https://www.isbank.com.tr/en/about-us/annual-reports
	102-37	Remuneration Policy, https://www.isbank.com.tr/en/about-us/Documents/investor-relations/remuneration-policy.pdf ; Employee Rights, page: 124; Remuneration Committee, page: 148, https://www.isbank.com.tr/en/about-us/annual-reports
	102-38	Remuneration Policy, https://www.isbank.com.tr/en/about-us/Documents/investor-relations/remuneration-policy.pdf ; Employee Rights, page: 124; Remuneration Committee, page: 148, https://www.isbank.com.tr/en/about-us/annual-reports
	102-39	Remuneration Policy, https://www.isbank.com.tr/en/about-us/Documents/investor-relations/remuneration-policy.pdf ; Employee Rights, page: 124; Remuneration Committee, page: 148, https://www.isbank.com.tr/en/about-us/annual-reports

Stakeholder Analysis		
	102-40	Expectations of Stakeholders and İşBank's Response, page: 39-43; Stakeholder Groups and Primary ESG Issues, page: 35
	102-41	Employee Rights, page: 124
	102-42	Stakeholder Dialogue, page: 160; Expectations of Stakeholders and İşBank's Response, page: 39-43; Stakeholder Groups and Primary ESG Issues, page: 35
	102-43	Stakeholder Dialogue, page: 160; Expectations of Stakeholders and İşBank's Response, page: 39-43
	102-44	Sustainability Priorities, page: 33; Expectations of Stakeholders and İşBank's Response, page: 39-43; Stakeholder Groups and Primary ESG Issues, page: 35
Reporting Practices		
	102-45	About the Report, page: 5 https://www.isbank.com.tr/en/about-us/annual-reports
	102-46	About the Report, Page: 5
	102-47	Sustainability Priorities, Page: 33
	102-48	GRI Content Index: There are no restated data.
	102-49	GRI Content Index: There are no significant changes.
	102-50	About the Report, page: 5
	102-51	GRI Content Index: This report is İşbank's first-ever Integrated Annual Report. The previous report was published as the Integrated Sustainability Report 2020.
	102-52	About the Report, page: 5
	102-53	sustainability@isbank.com.tr
	102-54	About the Report, page: 5
	102-55	GRI Content Index, page: 471
	102-56	Independent Assurance Statement, page: 460-470
Material Issues		
Standard	Description	Descriptions and Page Numbers
Financial Performance and Profitability		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Financial Performance, page: 56-57
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Financial Performance, page: 56-57
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Financial Performance, page: 56-57
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Value Creation Model, page: 29-30; Financial Performance, page: 56-57
	201-4	GRI Content Index: No government support was received.
Business Ethics, Transparency and Reporting		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Management Approach, page: 134, Transparency and Reporting, page: 161
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Management Approach, page: 134, Transparency and Reporting, page: 161
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Management Approach, page: 134, Transparency and Reporting, page: 161



GRI Content Index

Business Ethics, Transparency and Reporting		
GRI 205: ANTI-CORRUPTION 2016	205-1	Business Ethics, page: 159
	205-2	Business Ethics, page: 159
	205-3	Business Ethics, page: 159
GRI 408: CHILD LABOR 2016	408-1	GRI Content Index: Among the recruitment conditions in our Bank's Personnel Regulations, there is a regulation that requires employees "to be over the age of 18".
GRI 409: FORCED OR COMPULSORY LABOR 2016	409-1	GRI Content Index: The working conditions of employees at İşbank are determined within the framework of the provisions of the labor legislation, the Bank's internal regulations, and the provisions of the Collective Bargaining Agreement. In this context, the principle of freedom of employment and contract as expressed in the Constitution is valid at İşbank. In addition, İşbank is among the organizations with the highest rate of unionized employees in the sector. Therefore, İşbank does not have any operations with the risk of forced / compulsory labor.
GRI 410: SECURITY PRACTICES 2016	410-1	GRI Content Index: 7.8% of the security personnel attended refresher training in 2021.
GRI 412: HUMAN RIGHTS ASSESSMENT 2016	412-2	Business Ethics, page: 159
GRI 415: PUBLIC POLICY 2016	415-1	GRI Content Index: İşbank does not make any donations to political parties.
Risk Management		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page 33; Risk Management, page: 156-158
	103-2 Management Approach and Its Components	Sustainability Priorities, page 33; Risk Management, page: 156-158
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page 33; Risk Management, page: 156-158
GRI 201: ECONOMIC PERFORMANCE 2016	201-2	We Take Responsibility for Climate Action, page: 84-86; Risks, Opportunities & Future Insights, page: 26-28
Compliance With Changing Regulations		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Compliance, page: 155
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Compliance, page: 155
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Compliance, page: 155
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016	206-1	As per the resolution dated 17.01.2020 with no. 20-05/48-M of the Turkish Competition Authority ("Authority"), it has been decided to conduct a preliminary inquiry to determine whether banks and financial institutions with operations in Turkey, including our Bank, and the representation offices thereof, have violated the Law no. 4054 on Protection of Competition (Law no. 4054) as part of their activities regarding deposits, loans, foreign currencies, bonds, stocks and brokerage services. The preliminary inquiry is ongoing, and no decision has yet been reported on whether the Authority will initiate an investigation or not. Other than the lawsuit filed for cancellation of the Competition Authority's decision specified above, there is no lawsuit or investigation associated with anti-competitive behavior in 2021.
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	GRI Content Index: There are no significant fines or sanctions in the reporting period.
GRI 419: COMPLIANCE 2016	419-1	www.kap.org.tr/tr/Bildirim/974078-971723-959448-897431

Communication with Stakeholders		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Stakeholder Dialogue, page: 160
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Stakeholder Dialogue, page: 160
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Stakeholder Dialogue, page: 160
Digital Transformation		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Digital Banking, page: 100-103
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Digital Banking, page: 100-103
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Digital Banking, page: 100-103
Customer Centricity		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Flawless Customer Experience, page: 71-73
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Flawless Customer Experience, page: 71-73
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Flawless Customer Experience, page: 71-73
GRI 417: MARKETING AND LABELING 2016	417-1	İşBank Banking, page: 30; Responsible Marketing, page: 82; Financial Literacy, page: 81
	417-2	GRI Content Index: There are no cases associated with noncompliance with the regulations and rules on product and service information and labeling during the reporting period.
	417-3	GRI Content Index: There are no cases associated with noncompliance with the regulations and rules on marketing communication during the reporting period.
Cyber Security and Customer Privacy		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page 33; Information Security, page: 106-107
	103-2 Management Approach and Its Components	Sustainability Priorities, page 33; Information Security, page: 106-107
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page 33; Information Security, page: 106-107
GRI 418: CUSTOMER PRIVACY 2016	418-1	GRI Content Index: The number of complaints is not disclosed due to data privacy.
Responsible Financing and Investment Integrating ESG Criteria		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Environmental and Social Risk Management in Loans, page: 89-91
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Environmental and Social Risk Management in Loans, page: 89-91
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Environmental and Social Risk Management in Loans, page: 89-91
GRI 304: BIODIVERSITY 2016	304-2	Environmental and Social Risk Management in Loans, page: 89-91
GRI 412: HUMAN RIGHTS ASSESSMENT 2016	412-3	Environmental and Social Risk Management in Loans, page: 89-91
GRI 413: LOCAL COMMUNITIES 2016	413-2	Environmental and Social Risk Management in Loans, page: 89-91



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Responsible Product and Service Portfolio		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Responsible Products and Services, page: 74-75
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Responsible Products and Services, page: 74-75
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Responsible Products and Services, page: 74-75
Responsible Marketing		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Responsible Marketing, page: 82
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Responsible Marketing, page: 82
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Responsible Marketing, page: 82
Financial Inclusion		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Financial Inclusion, page: 76-80
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Financial Inclusion, page: 76-80
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Financial Inclusion, page: 76-80
Employee Rights and Satisfaction		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Employee Rights, page: 124
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Employee Rights, page: 124
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Employee Rights, page: 124
GRI 202: MARKET PRESENCE 2016	202-1	Employee Rights, page: 124 Remuneration Policy, https://www.isbank.com.tr/en/about-us/Documents/investor-relations/remuneration-policy.pdf
GRI 401: EMPLOYMENT 2016	401-1	Human Resource Data, page: 452-455
	401-2	Employee Rights, page: 124 Remuneration Policy, https://www.isbank.com.tr/en/about-us/Documents/investor-relations/remuneration-policy.pdf
	401-3	Human Resources Data, page: 452-455
GRI 402: LABOR/MANAGEMENT RELATIONS 2016	402-1	GRI Content Index: In case of significant operational changes, legal notice periods are followed.

Employee Health and Safety		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Occupational Health and Safety, page: 126
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Occupational Health and Safety, page: 126
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Occupational Health and Safety, page: 126
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational Health and Safety, page: 126
	403-2	Occupational Health and Safety, page: 126
	403-3	Occupational Health and Safety, page: 126
	403-4	Occupational Health and Safety, page: 126
	403-5	Occupational Health and Safety, page: 126
	403-6	Occupational Health and Safety, page: 126; Fight Against COVID-19, Measures Taken for Employees, page: 200-201
	403-8	Occupational Health and Safety, page: 126
	403-9	Human Resources Data, page: 452-455
GRI 407: FREEDOM OF ASSOCIATION OR COLLECTIVE BARGAINING 2016	403-10	Human Resources Data, page: 452-455
	407-1	Employee Rights, page: 124
Equal Opportunity and Diversity		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Equal Opportunity and Diversity, page: 127-128
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Equal Opportunity and Diversity, page: 127-128
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Equal Opportunity and Diversity, page: 127-128
GRI 201: ECONOMIC PERFORMANCE 2016	201-3	2020 Activity Report, page: 162, 225-227, https://www.isbank.com.tr/en/about-us/annual-reports
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Human Resources Data, page: 452-455; Equal Opportunity and Diversity, page: 127-128
	405-2	GRI Content Index: Remuneration is managed through transparent and measurable processes and systems, and there is no gender-based wage differentiation. This rate is 1 as there is no difference in wages based on gender. Employee Rights, page: 124
GRI 406: NON-DISCRIMINATION 2016	406-1	GRI Content Index: İşbank takes all decisions about its employees independent of race, religion, language, sect or any belief, sexual orientation/preference, gender, mental or physical disability, age, cultural or social class and thought/opinion differences; it refuses any discrimination against or among the employees and managers.
Preferred Employer		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Talent Management, page: 129-131; Preferred Employer, page: 126
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Talent Management, page: 129-131; Preferred Employer, page: 126
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Talent Management, page: 129-131; Preferred Employer, page: 126
GRI 404: TRAINING AND EDUCATION 2016	404-1	Talent Management, page: 129-131
	404-2	Talent Management, page: 129-131
	404-3	Talent Management, page: 129-131



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Responsible Procurement		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Supply Chain Management, page: 110-113
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Supply Chain Management, page: 110-113
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Supply Chain Management, page: 110-113
GRI 204: PROCUREMENT PRACTICES 2016	204-1	Supply Chain Management, page: 110-113
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	Supply Chain Management, page: 110-113
	308-2	Supply Chain Management, page: 110-113
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	Supply Chain Management, page: 110-113
	414-2	GRI Content Index: No negative social impacts were observed in the supply chain.
The Bank's Environmental Footprint		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Environmental Impact, page 114-117; Environmental and Social Impacts Policy https://www.isbank.com.tr/en/about-us/our-policies
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Environmental Impact, page 114-117; Environmental and Social Impacts Policy https://www.isbank.com.tr/en/about-us/our-policies
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Environmental Impact, page 114-117; Environmental and Social Impacts Policy https://www.isbank.com.tr/en/about-us/our-policies
GRI 302: ENERGY 2016	302-1	Key Performance Indicators, page: 115
	302-2	Key Performance Indicators, page: 115
	302-3	Key Performance Indicators, page: 115
	302-4	Environmental Impact, page: 114-117
	302-5	Environmental Impact, page: 114-117
GRI 303: WATER AND EFFLUENTS 2018	303-3	Key Performance Indicators, page: 115
	303-5	Key Performance Indicators, page: 115
GRI 305: EMISSIONS 2016	305-1	Key Performance Indicators, page: 115
	305-2	Key Performance Indicators, page: 115
	305-3	Key Performance Indicators, page: 115
	305-4	Key Performance Indicators, page: 115
	305-5	Environmental Impact, page: 114-117
GRI 306: EFFLUENTS AND WASTE 2016	306-2	Key Performance Indicators, page: 115
	306-3	GRI Content Index: No significant leakage/spillage incident occurred during the reporting period.
	306-5	GRI Content Index: There is no water resource that is significantly affected by İşbank's activities.
Corporate Social Responsibility		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; We Take Responsibility for Future Generations, page: 192-199
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; We Take Responsibility for Future Generations, page: 192-199
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; We Take Responsibility for Future Generations, page: 192-199
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Financial Performance and Profitability, page: 56-57
	203-2	Financial Performance and Profitability, page: 56-57
GRI 413: LOCAL COMMUNITIES 2016	413-1	Environmental and Social Risk Management in Loans, page: 89-91

Financial Literacy		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, page: 33; Financial Literacy, page: 81
	103-2 Management Approach and Its Components	Sustainability Priorities, page: 33; Financial Literacy, page: 81
	103-3 Evaluation of the Management Approach	Sustainability Priorities, page: 33; Financial Literacy, page: 81
Combating Climate Change		
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Company Announcements and Financial Data:

İşbank's financial statements, independent auditor's reports, annual reports, press releases and disclosures of material events are available on the Bank's corporate website under the title of Investor Relations, in both Turkish and English.

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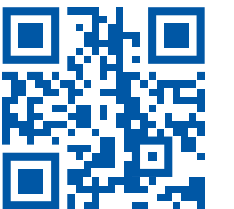
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