

**Kuveyt Türk Katılım Bankası
Anonim Şirketi**

**Unconsolidated Financial Statements And Notes For The
Period Ended 1 January - 31 March 2021 with Independent
Auditor's Review Report**

*(Convenience translation of unconsolidated financial statements and independent auditor's
report originally issued in Turkish)*



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(Convenience translation of the auditor's report originally issued in Turkish ~ See Note I of Section Three)

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Kuveyt Türk Katılım Bankası A.Ş.

Introduction

We have reviewed the unconsolidated statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. (the “Bank”) at March 31, 2021 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated of interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency(“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by BRSA Legislation; together referred as “BRSA Accounting and Financial Reporting Legislation”. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of Kuveyt Türk Katılım Bankası A.Ş. at March 31, 2021, and the results of its operations and its unconsolidated cash flows for the three-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VIII, are not consistent, in all material respects, with the reviewed unconsolidated financial statements and disclosures.

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” and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified 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



Emre Çelik, SMMM
Partner

11 May 2021
Istanbul, Turkey

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**THE UNCONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2021**

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The unconsolidated interim financial report for the three-month period 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, is comprised of the following sections:

- General Information About the Bank
- Unconsolidated Financial Statements of The Bank
- Explanations on Accounting Policies Applied In The Period
- Information on Financial Structure and Risk Management of The Bank
- Disclosures and Explanations On Unconsolidated Financial Statements
- Other Explanations
- INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
- Independent Auditors' Limited Review Report
- Interim Activity Report

The unconsolidated financial statements for the three-month period and related disclosures and footnotes that are subject to independent review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of Turkish Lira.

Hamad Abdulmohsen AL-MARZOUQ
Chairman of the Board of Directors

Shadi Ahmed Yacoub ZAHNAN
Chairman of the Audit
Committee

Nadir ALPASLAN
Member of the Audit Committee

Ufuk UYAN
General Manager

Ahmet KARACA
Chief Financial Officer

Cemil AKBEK
Official and International Reporting
Manager

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KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR JANUARY 1 - MARCH 31, 2021 INTERIM PERIOD

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

SECTION ONE

GENERAL INFORMATION

1. History of the Bank including its incorporation date, initial legal status and amendments to legal status:

Kuveyt Türk Katılım Bankası A.Ş. (“The Bank”) was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank’s equity, to collect funds from domestic and foreign customers through “Current Accounts” and “Profit/ Loss Sharing Accounts” and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

2. Shareholding structure, shareholders jointly or individually having direct or indirect control over the management and supervision of the Bank and the disclosures on any related changes in the current period, if any, and information about the Group that the Bank belongs to:

As of 31 March 2021, 62.24% of the Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

3. Explanations regarding the chairman and the members of board of directors, audit committee members, general manager and assistant general managers and their shares in the bank:

Name	Title	Date of Assignment	Date of Audit Committee Assignments	Audit Committee End Date	Educational Degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Head of the BOD	25/06/2014			Master	-
Shadi Ahmed Yacoub ZAHRAN	Member of BOD and chairman of the audit committee	25/09/2020	04/11/2020		Master	-
Nadir ALPASLAN	Vice President of BOD and member of Audit Committee	15/04/2011	24/12/2019		Bachelor	-
Salah A E AL MUDHAF	Member of BOD	07/10/2019			Bachelor	0.010%
Burhan ERSOY	Member of BOD	18/06/2020			Bachelor	-
Mohamed Hedi MEJAI	Member of BOD and Audit Committee	25/03/2021			Master	-
Ahmad S A A AL KHARJİ	Member of BOD	26/03/2014	24/09/2014	09/09/2020	Master	-
Gehad Mohamed Elbendary ANANY	Member of BOD	25/09/2020	09/09/2020	04/11/2020	Bachelor	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999			Master	0.057%
Ahmet KARACA	Assistant General Manager, Financial Control.	12/07/2006			Master	0.001%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003			Bachelor	-
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003			Bachelor	0.004%
İrfan YILMAZ	Assistant General Manager, Banking Services	27/10/2005			Bachelor	0.017%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Treasury and International Banking.	05/05/2005			Doctorate	0.009%
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010			Bachelor	0.001%
Aslan DEMİR	Assistant General Manager, Strategy	08/10/2012			Bachelor	0.010%
Mehmet ORAL	Assistant General Manager, Retail Banking	01/10/2012			Bachelor	0.005%
Abdurrahman DELİPOYRAZ	Assistant General Manager, SME Banking	09/01/2015			Bachelor	0.005%

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.12% of the Bank’s share capital (31 December 2020 – 0.12%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 March 2021

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

4. Information on qualified shareholders

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	2,863,098	%62.24	2,863,098	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	861,086	%18.72	861,086	-
Total	3,724,184	%80.96	3,724,184	-

As of 31 March 2021, the shares of parent shareholder of Bank, Kuwait Finance House (“KFH”) are 51.95% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

5. Explanations of the Bank’s services and field of operations

The Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Bank’s core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts, and lending such funds to its customers.

As of 31 March 2021, the Bank is operating through 439 domestic branches (31 December 2020 – 435) with 6,079 employees (31 December 2020 – 6,000). Summary of some of the Bank’s operations described in the Articles of Association are as follows:

- To collect funds through “Current Accounts” and “Profit/Loss Sharing Accounts” and special fund pools in line with the regulations;
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking;
- To offer financial and operational leasing;
- To handle all kinds of deposits and payments, including travelers’ checks, credit cards and other payment instruments, provide member business services (POS), consulting, advisory, and safe deposit box services;
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking;
- To purchase, acquire and construct any kind of real estate and if necessary lease or transfer ownership to other persons;
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies);
- To provide socially responsible aid for the benefit of the community in the light of the legislations.

The Bank’s activities are not limited to the list above. If another transaction is decided to be beneficial to the Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Customs and Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association.

6. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Bank and its subsidiaries:

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Unconsolidated Balance Sheet (Statement of Financial Position)
- II. Unconsolidated Statement of Off-Balance Sheet Items
- III. Unconsolidated Income Statement (Statement of Profit/Loss)
- IV. Unconsolidated Statement of Income/Expense and Other Comprehensive Income
- V. Unconsolidated Statement of Changes in Shareholders' Equity
- VI. Unconsolidated Statement of Cash Flows

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

1. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Note	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		19,130,624	51,096,051	70,226,675	17,678,002	41,874,104	59,552,106
1.1	Cash and Cash Equivalents		2,301,697	33,670,038	35,971,735	1,170,297	29,286,305	30,456,602
1.1.1	Cash and Balances with Central Bank	(5.1.1.)	2,264,869	29,316,081	31,580,950	1,144,427	23,503,483	24,647,910
1.1.2	Banks	(5.1.3.)	37,221	4,354,866	4,392,087	26,317	5,783,150	5,809,467
1.1.3	Money Markets		-	-	-	-	-	-
1.1.4	Expected Credit Loss (-)		393	909	1,302	447	328	775
1.2	Financial Assets at Fair Value Through Profit or Loss	(5.1.2.)	476,299	7,897,775	8,374,074	996,392	6,843,055	7,839,447
1.2.1	Government Debt Securities		319,093	7,718,149	8,037,242	315,651	6,735,347	7,050,998
1.2.2	Equity Instruments		-	-	-	-	-	-
1.2.3	Other Financial Assets		157,206	179,626	336,832	680,741	107,708	788,449
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4.)	15,356,602	9,360,834	24,717,436	15,382,767	5,412,306	20,795,073
1.3.1	Government Debt Securities		15,292,268	9,199,836	24,492,104	15,299,606	5,190,032	20,489,638
1.3.2	Equity Instruments		8,056	44,003	52,059	8,056	40,405	48,461
1.3.3	Other Financial Assets		56,278	116,995	173,273	75,105	181,869	256,974
1.4	Derivative Financial Assets		996,026	167,404	1,163,430	128,546	332,438	460,984
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		996,026	167,404	1,163,430	128,546	332,438	460,984
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)	(5.1.5.)	48,183,550	37,352,796	85,536,346	50,885,111	28,668,356	79,553,467
2.1	Loans		50,087,375	32,609,464	82,696,839	52,228,515	21,814,537	74,043,052
2.2	Leasing Receivables	(5.1.10.)	2,508,639	4,008,304	6,516,943	2,360,266	2,650,730	5,010,996
2.3	Financial Assets Measured At Amortized Cost	(5.1.6.)	-	2,504,339	2,504,339	-	5,931,297	5,931,297
2.3.1	Government Debt Securities		-	2,504,339	2,504,339	-	5,931,297	5,931,297
2.3.2	Other Financial Assets		-	-	-	-	-	-
2.4	Expected Credit Loss (-)		4,412,464	1,769,311	6,181,775	3,703,670	1,728,208	5,431,878
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(Net)		515,576	-	515,576	519,087	-	519,087
3.1	Held For Sale		515,576	-	515,576	519,087	-	519,087
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		1,481,015	-	1,481,015	1,481,015	-	1,481,015
4.1	Investments in Associates (Net)	(5.1.7.)	-	-	-	-	-	-
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	Investment in Subsidiaries (Net)	(5.1.8.)	1,461,015	-	1,461,015	1,461,015	-	1,461,015
4.2.1	Unconsolidated Financial Subsidiaries		1,437,335	-	1,437,335	1,437,335	-	1,437,335
4.2.2	Unconsolidated Non-Financial Subsidiaries		23,680	-	23,680	23,680	-	23,680
4.3	Investment in Joint Ventures (Net)	(5.1.9.)	20,000	-	20,000	20,000	-	20,000
4.3.1	Joint Ventures Valued Based on Equity Method		20,000	-	20,000	20,000	-	20,000
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)		1,185,113	1,219	1,186,332	1,161,631	1,173	1,162,804
VI.	INTANGIBLE ASSETS (Net)		202,995	-	202,995	190,532	-	190,532
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		202,995	-	202,995	190,532	-	190,532
VII.	INVESTMENT PROPERTIES (Net)		24,948	-	24,948	24,987	-	24,987
VIII.	CURRENT TAX ASSETS		-	-	-	-	-	-
IX.	DEFERRED TAX ASSETS	(5.1.15.)	1,053,212	-	1,053,212	748,336	-	748,336
X.	OTHER ASSETS	(5.1.17.)	928,748	2,463,893	3,392,641	790,979	8,267,002	9,057,981
	TOTAL ASSETS		72,705,781	90,913,959	163,619,740	73,479,680	78,810,635	152,290,315

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

1. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

	LIABILITIES	Note	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(5.2.1.)	42,446,550	89,714,335	132,160,885	33,499,285	88,673,699	122,172,984
II.	FUNDS BORROWED	(5.2.3.)	3,504,538	8,746,119	12,250,657	2,868,946	8,719,946	11,588,892
III.	MONEY MARKETS		3,404,605	-	3,404,605	185,225	-	185,225
IV.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES		39,835	624,241	664,076	1,390,486	286,320	1,676,806
6.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	39,835	624,241	664,076	1,390,486	286,320	1,676,806
6.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.6.)	-	-	-	-	-	-
VII.	LEASE PAYABLES	(5.2.5.)	343,950	675	344,625	340,115	3,910	344,025
VIII.	PROVISIONS	(5.2.7.)	1,049,862	383,924	1,433,786	1,170,443	400,358	1,570,801
8.1	Restructuring Provision		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		351,376	740	352,116	418,183	659	418,842
8.3	Insurance For Technical Provision (Net)		-	-	-	-	-	-
8.4	Other Provisions		698,486	383,184	1,081,670	752,260	399,699	1,151,959
IX.	CURRENT TAX LIABILITIES	(5.2.8.1.)	356,229	-	356,229	348,052	-	348,052
X.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.2.9.)	-	-	-	-	-	-
11.1	Held For Sale		-	-	-	-	-	-
11.2	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(5.2.10.)	-	2,108,658	2,108,658	-	4,590,265	4,590,265
12.1	Loans		-	-	-	-	-	-
12.2	Other Debt Instruments		-	2,108,658	2,108,658	-	4,590,265	4,590,265
XIII.	OTHER LIABILITIES	(5.2.4.)	1,385,551	1,326,079	2,711,630	1,289,708	528,460	1,818,168
XIV.	SHAREHOLDERS' EQUITY	(5.2.11.)	8,139,476	45,113	8,184,589	7,904,654	90,443	7,995,097
14.1	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2	Capital Reserves		25,124	-	25,124	25,124	-	25,124
14.2.1	Share Premiums		23,250	-	23,250	23,250	-	23,250
14.2.2	Share Cancellation Profits		1,874	-	1,874	1,874	-	1,874
14.2.3	Other Capital Reserves		-	-	-	-	-	-
14.3	Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(51,258)	-	(51,258)	(51,258)	-	(51,258)
14.4	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		(302,152)	45,113	(257,039)	(87,218)	90,443	3,225
14.5	Profit Reserves		3,360,936	-	3,360,936	1,970,146	-	1,970,146
14.5.1	Legal Reserves		355,870	-	355,870	284,943	-	284,943
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		2,936,850	-	2,936,850	1,617,135	-	1,617,135
14.5.4	Other Profit Reserves		68,216	-	68,216	68,068	-	68,068
14.6	Profit or Loss		511,695	-	511,695	1,452,729	-	1,452,729
14.6.1	Retained Earnings		52,448	-	52,448	52,448	-	52,448
14.6.2	Current Period Net Profit or Loss		459,247	-	459,247	1,400,281	-	1,400,281
14.7	Minority Shares	(5.2.12.)	-	-	-	-	-	-
	TOTAL LIABILITIES AND EQUITY		60,670,596	102,949,144	163,619,740	48,996,914	103,293,401	152,290,315

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 31 MARCH 2021

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

2. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Note	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
A.							
COMMITMENTS AND CONTINGENCIES (I+II+III)		75,586,553	70,533,259	146,119,812	86,652,466	78,342,083	164,994,549
I. GUARANTEES AND WARRANTIES	(5.3.1.)	7,552,407	5,240,063	12,792,470	7,470,036	4,393,458	11,863,494
1.1. Letters of Guarantee		7,039,666	2,615,556	9,655,222	6,997,497	2,593,297	9,590,794
1.1.1. Guarantees Subject to State Tender Law		192,320	38,735	231,055	210,252	41,900	252,152
1.1.2. Guarantees Given For Foreign Trade Operations		394,083	30,492	424,575	408,225	60,079	468,304
1.1.3. Other Letters of Guarantee		6,453,263	2,546,329	8,999,592	6,379,020	2,491,318	8,870,338
1.2. Bank Loans		7,830	40,784	48,614	5,503	35,493	40,996
1.2.1. Import Letter of Acceptances		7,830	40,784	48,614	5,503	35,493	40,996
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		22,454	2,483,517	2,505,971	14,424	1,670,598	1,685,022
1.3.1. Documentary Letters of Credit		-	1,202,043	1,202,043	-	756,822	756,822
1.3.2. Other Letters of Credit		22,454	1,281,474	1,303,928	14,424	913,776	928,200
1.4. Guaranteed Refinancing		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		482,457	100,206	582,663	452,612	94,070	546,682
1.7. Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1.)	55,813,117	4,279,945	60,093,062	54,000,945	2,301,565	56,302,510
2.1. Irrevocable Commitments		7,523,854	4,279,945	11,803,799	6,228,351	2,301,565	8,529,916
2.1.1. Forward Asset Purchase and Sales Commitments		1,144,821	4,245,415	5,390,236	776,146	2,301,565	3,077,711
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	779	779	-	-	-
2.1.3. Loan Granting Commitments		662,683	-	662,683	555,059	-	555,059
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments For Reserve Deposits Requirements		-	-	-	-	-	-
2.1.6. Payment Commitments For Checks		1,730,539	-	1,730,539	1,372,786	-	1,372,786
2.1.7. Tax and Fund Liabilities From Export Commitments		-	-	-	-	-	-
2.1.8. Commitments For Credit Card Expenditure Limits		3,964,583	-	3,964,583	3,503,366	-	3,503,366
2.1.9. Commitments For Credit Cards and Banking Services Promotions		3,471	-	3,471	3,237	-	3,237
2.1.10. Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11. Payables For Short Sale Commitments		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		17,757	33,751	51,508	17,757	-	17,757
2.2. Revocable Commitments		48,289,263	-	48,289,263	47,772,594	-	47,772,594
2.2.1. Revocable Loan Granting Commitments		48,289,263	-	48,289,263	47,772,594	-	47,772,594
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2.)	12,221,029	61,013,251	73,234,280	25,181,485	71,647,060	96,828,545
3.1. Derivative Financial Instruments Held For Risk Management		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held For Trading Transactions		12,221,029	61,013,251	73,234,280	25,181,485	71,647,060	96,828,545
3.2.1. Forward Foreign Currency Buy/Sell Transactions		1,907,460	2,940,009	4,847,469	1,083,945	2,130,485	3,214,430
3.2.1.1. Forward Foreign Currency Buy Transactions		525,788	1,914,055	2,439,843	785,976	843,754	1,629,730
3.2.1.2. Forward Foreign Currency Sell Transactions		1,381,672	1,025,954	2,407,626	297,969	1,286,731	1,584,700
3.2.2. Other Forward Buy/Sell Transactions		10,313,569	58,073,242	68,386,811	24,097,540	69,516,575	93,614,115
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		515,998,135	225,620,870	741,619,005	478,587,067	203,218,899	681,805,966
IV. ITEMS HELD IN CUSTODY		15,255,382	25,820,015	41,075,397	13,171,821	20,387,564	33,559,385
4.1. Customers' Securities Held		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		4,107,103	7,175,837	11,282,940	3,145,487	7,054,819	10,200,306
4.3. Checks Received for Collection		9,533,400	1,313,613	10,847,013	8,485,888	1,082,506	9,568,394
4.4. Commercial Notes Received for Collection		1,614,879	381,793	1,996,672	1,540,446	312,851	1,853,297
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	16,948,772	16,948,772	-	11,937,388	11,937,388
V. PLEDGED ITEMS		500,731,114	199,703,133	700,434,247	465,403,607	182,743,974	648,147,581
5.1. Marketable Securities		213,193	-	213,193	149,465	-	149,465
5.2. Guarantee Notes		101,097	3,360,300	3,461,397	101,128	2,996,008	3,097,136
5.3. Commodity		16,041,526	1,028,203	17,069,729	14,297,126	913,904	15,211,030
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		151,455,492	4,149,704	155,605,196	147,051,571	3,715,371	150,766,942
5.6. Other Pledged Items		332,919,806	191,164,926	524,084,732	303,804,317	175,118,691	478,923,008
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		11,639	97,722	109,361	11,639	87,361	99,000
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		591,584,688	296,154,129	887,738,817	565,239,533	281,560,982	846,800,515

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME AS OF 31 MARCH 2021

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

3. INCOME STATEMENT

			Reviewed Current Period 01.01.2021- 31.03.2021	Reviewed Prior Period 01.01.2020- 31.03.2020
		Note		
I.	PROFIT SHARE INCOME	(5.4.1.)	2,824,356	1,841,555
1.1.	Profit Share on Loans		1,796,510	1,444,063
1.2.	Profit Share on Reserve Deposits		28,580	782
1.3.	Profit Share on Banks		19,469	39,434
1.4.	Profit Share on Money Market Placements		-	-
1.5.	Profit Share on Marketable Securities Portfolio		866,764	270,835
1.5.1.	Fair Value Through Profit or Loss		68,101	30,650
1.5.2.	Fair Value Through Other Comprehensive Income		779,237	211,213
1.5.3.	Measured at Amortised Cost		19,426	28,972
1.6.	Finance Lease Income		106,804	74,916
1.7.	Other Profit Share Income		6,229	11,525
II.	PROFIT SHARE EXPENSE		1,071,305	707,120
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	620,334	524,298
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	275,506	163,354
2.3.	Profit Share Expense on Money Market Borrowings		163,202	2,800
2.4.	Expense on Securities Issued		-	-
2.5.	Profit Share Expense on Lease		12,263	16,668
2.6.	Other Profit Share Expense		-	-
III.	NET PROFIT SHARE INCOME (I - II)		1,753,051	1,134,435
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		124,234	84,205
4.1.	Fees And Commissions Received		224,255	194,378
4.1.1.	Non-Cash Loans		33,842	35,880
4.1.2.	Other		190,413	158,498
4.2.	Fees And Commissions Paid		100,021	110,173
4.2.1.	Non-Cash Loans		5	6
4.2.2.	Other	(5.4.13.)	100,016	110,167
V.	DIVIDEND INCOME		756	-
VI.	NET TRADING INCOME / LOSS	(5.4.5.)	47,378	551,891
6.1.	Capital Market Transaction Gains/Losses		29,444	23,670
6.2.	Gains/Losses From Derivative Financial Instruments		1,271,763	4,168
6.3.	Foreign Exchange Gains/Losses		(1,253,829)	524,053
VII.	OTHER OPERATING INCOME	(5.4.6.)	448,035	221,324
VIII.	GROSS OPERATING INCOME / LOSS (III+IV+V+VI+VII+ VIII)		2,373,454	1,991,855
IX.	EXPECTED LOSS PROVISIONS (-)	(5.4.7.)	1,049,609	836,476
X.	OTHER PROVISIONS (-)		50,259	152,508
XI.	PERSONNEL EXPENSES (-)	(5.4.8.)	370,171	327,946
XII.	OTHER OPERATING EXPENSES (-)	(5.4.8.)	328,319	270,097
XIII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)		575,096	404,828
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-
	CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI.	INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES	(5.4.9.)	575,096	404,828
	(XII+...+XV)			
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(5.4.10.)	(115,849)	(88,991)
18.1.	Current Tax Provision		(355,659)	(105,129)
18.2.	Deferred Tax Income Effect (+)		20,366	134,484
18.3.	Deferred Tax Expense Effect (-)		260,176	150,622
XIX.	CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS	(5.4.11.)	459,247	315,837
	(XVII±XVI)			
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1.	Income on Non-Current Assets Held For Sale		-	-
20.2.	Income on Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
20.3.	Income on Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1.	Expenses From Non-Current Assets Held For Sale		-	-
21.2.	Expenses From Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
21.3.	Expenses From Other Discontinued Operations		-	-
XXII.	PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS		-	-
	(XVIII-XIX)			
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1.	Current Tax Provision		-	-
23.2.	Deferred Tax Expense Effect (+)		-	-
23.3.	Deferred Tax Income Effect (-)		-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS		-	-
	(XX±XXI)			
XXV.	NET PROFIT/LOSS (XVII+XXII)	(5.4.12.)	459,247	315,837
25.1.	Group's Income/Loss		459,247	315,837
25.2.	Minority Interest Income/Loss (-)		-	-
	Earnings Per Share Income/Loss		-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME AS OF 31 MARCH 2021

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

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed Current Period 31.03.2021	Reviewed Prior Period 31.03.2020
I.	CURRENT PROFIT (LOSS)	459,247	315,837
II.	OTHER COMPREHENSIVE INCOME	(260,264)	(304,359)
2.1	Other Comprehensive Income Not Reclassified Through Profit Or Loss	-	-
2.1.1	Property And Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit Or Loss	-	-
2.1.5	Taxes Related to Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2	Other Comprehensive Income Reclassified Through Profit Or Loss	(260,264)	(304,359)
2.2.1	Foreign Currency Translation Difference	-	-
2.2.2	Valuation And/Or Reclassification Income/Expense of the Financial Assets At Fair Value Through Other Comprehensive Income	(325,330)	(390,597)
2.2.3	Cash Flow Hedge Income/Loss	-	414
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Taxes Related Other Comprehensive Income Items Reclassified Through Profit Or Loss	65,066	85,824
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I-II)	198,983	11,478

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 MARCH 2021

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

5. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-in Capital	Share Premiums	Share cancellation profits	Other Capital Reserves	Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss			Profit Reserves	Retained Earnings	Net Profit/Loss for the Period	Total Shareholders' Equity Less Minority Shares	Minority Shares	Total Shareholders' Equity
						1	2	3	4	5	6						
Prior Period (01/01/2020 – 31/03/2020)																	
I.		3,995,766	23,250	1,239	-	-	(19,082)	-	-	214,695	(8,981)	1,469,025	35,540	1,109,838	6,821,290	-	6,821,290
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,995,766	23,250	1,239	-	-	(19,082)	-	-	214,695	(8,981)	1,469,025	35,540	1,109,838	6,821,290	-	6,821,290
IV.		-	-	-	-	-	-	-	-	(304,681)	322	-	-	315,837	11,478	-	11,478
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		600,000	-	-	-	-	-	-	-	-	-	(600,000)	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		(635)	-	635	-	-	-	-	-	-	-	(359)	-	(359)	(359)	-	(359)
XI.		-	-	-	-	-	-	-	-	-	-	1,102,558	-	(1,109,838)	(7,280)	-	(7,280)
11.1		-	-	-	-	-	-	-	-	-	-	-	-	(7,280)	(7,280)	-	(7,280)
11.2		-	-	-	-	-	-	-	-	-	-	1,102,558	-	(1,102,558)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		4,595,131	23,250	1,874	-	-	(19,082)	-	-	(89,986)	(8,659)	1,971,224	35,540	315,837	6,825,129	-	6,825,129
Current Period (01/01/2021 – 31/03/2021)																	
I.		4,595,131	23,250	1,874	-	-	(51,258)	-	-	3,225	-	1,970,146	1,452,729	-	7,995,097	-	7,995,097
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		4,595,131	23,250	1,874	-	-	(51,258)	-	-	3,225	-	1,970,146	1,452,729	-	7,995,097	-	7,995,097
IV.		-	-	-	-	-	-	-	-	(260,264)	-	-	-	459,247	198,983	-	198,983
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	(359)	-	(359)	(359)	-	(359)
XI.		-	-	-	-	-	-	-	-	-	-	1,391,149	(1,400,281)	(9,132)	(9,132)	-	(9,132)
11.1		-	-	-	-	-	-	-	-	-	-	-	(9,132)	(9,132)	(9,132)	-	(9,132)
11.2		-	-	-	-	-	-	-	-	-	-	1,391,149	(1,391,149)	-	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		4,595,131	23,250	1,874	-	-	(51,258)	-	-	(257,039)	-	3,360,936	52,448	459,247	8,184,589	-	8,184,589

1. Accumulated Revaluation Increase / Decrease of Fixed Assets

2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan

3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

4. Foreign Currency Transition Differences

5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income

6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 MARCH 2021

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

6. STATEMENT OF CASH FLOWS

			Reviewed Current Period	Reviewed Prior Period
		Note	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Assets And Liabilities From Banking Operations		1,555,691	(10,999)
1.1.1	Profit Share Income Received		2,095,995	1,756,366
1.1.2	Profit Share Expense Paid		(1,101,072)	(809,251)
1.1.3	Dividends Received		756	-
1.1.4	Fees And Commissions Received		224,255	194,378
1.1.5	Other Income		692,718	527,090
1.1.6	Collections From Previously Written Off Loans		183,821	115,245
1.1.7	Payments to Personnel And Service Suppliers		(303,445)	(272,108)
1.1.8	Taxes Paid		(77,487)	(78,955)
1.1.9	Others		(159,850)	(1,443,764)
1.2	Changes in Assets And Liabilities From Banking Operations		3,144,230	1,250,301
1.2.1	Net (Increase) Decrease Held For Trading Financial Assets		19,825	(1,900,719)
1.2.2	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(1,773,176)	2,675,967
1.2.3	Net (Increase) Decrease in Due From Banks And Other Financial Institutions		(7,765,940)	(12,273,967)
1.2.4	Net (Increase) Decrease in Loans		5,687,018	(777,605)
1.2.5	Net (Increase) Decrease in Other Assets		324,607	703,538
1.2.6	Net Increase (Decrease) in Bank Deposits		3,134,590	12,637,662
1.2.7	Net Increase (Decrease) in Other Deposits		-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed		(72,798)	169,051
1.2.9	Net Increase (Decrease) in Due Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities		3,590,104	16,374
I.	Net Cash Provided From / (Used in) Banking Operations		4,699,921	1,239,302
B.	CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II.	Net Cash Provided From / (Used in) Investing Activities		228,621	(4,160,786)
2.1	Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.2	Cash Obtained From Sale of Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.3	Fixed Assets Purchases		(23,489)	(24,641)
2.4	Fixed Assets Sales		26,291	92
2.5	Cash Paid For Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(3,975,429)	(2,238,902)
2.6	Cash Obtained From Sale of Financial Assets at Fair Value Through Other Comprehensive Income		742,636	139,964
2.7	Cash Paid For Purchase of Investment Securities		-	(2,035,983)
2.8	Cash Obtained From Sale of Investment Securities		3,426,958	-
2.9	Other		31,654	(1,316)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III.	Net Cash Provided From / (Used in) Financing Activities		(2,472,198)	(23,948)
3.1	Cash Obtained From Funds Borrowed And Securities Issued		-	-
3.2	Cash Used For Repayments Funds Borrowed And Securities Issued		-	-
3.3	Equity instruments		(2,450,802)	-
3.4	Dividends Paid		(9,132)	(7,280)
3.5	Payments For Finance Leases		(12,264)	(16,668)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents	(5.5.4)	1,277,009	1,230,370
V.	Net Increase (Decrease) in Cash And Cash Equivalents		3,733,353	(1,715,062)
VI.	Cash And Cash Equivalents at The Beginning of The Period	(5.5.1)	11,971,283	18,893,086
VII.	Cash And Cash Equivalents at The End of The Period	(5.5.1)	15,704,636	17,178,024

The accompanying notes are an integral part of these financial statements

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES IN THE RELATED PERIOD

1. Explanations on Basis of Presentation

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

The Bank prepares its financial statements in accordance with the “Regulation On The Procedures And Principles For Accounting Practices And Retention Of Documents By Banks” published in the Official Gazette dated 1 November 2006 with numbered 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Agency (“BRSA”) as well as the circulars and pronouncements published by the BRSA. For matters not regulated by the aforementioned legislations, the Bank prepares its financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, which comprises the terms of the Turkish Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

Additional paragraph for convenience translation

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying 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.

1.2. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements:

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, and the financial assets and liabilities at fair value through other comprehensive income that are measured at fair values.

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Bank management to make assumptions and estimates with respect to the assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates mainly consist of calculations of the fair values of financial instruments and the impairment on assets. The assumptions and estimates are reviewed regularly and, when necessary, appropriate corrections are made and the effects of such corrections are reflected on the income statement.

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

Since it is aimed to update the most recent financial information in the interim financial statements prepared as of March 31, 2021, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in third section footnote numbered 1.5 “Explanations on Expected Credit Loss”. In the upcoming periods, the Bank will update its relevant assumptions are necessary and revise the realizations of past estimates.

1.3. Changes in accounting estimates, errors and classifications

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated. There were no significant changes in the accounting estimates of the Bank in the current year.

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1.4. Preparation of the financial statements as regards to the current purchasing power of money:

Until 31 December 2004, the financial statements of the Bank were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”). As per the BRSA decision numbered 1623 and dated 21 April 2005 and the BRSA circular dated 28 April 2005 it was stated that the indicators for the application of inflation accounting were no longer applicable. Consequently, as of 1 January 2005, the inflation accounting has not been applied.

1.5. Disclosures Regarding TFRS 9 Financial Instruments:

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017. As of 1 January 2018, the application of TFRS 9 replaced “TAS 39: Financial Instruments: Recognition and Measurement.” standard.

TFRS 9 also includes new principles for general hedge accounting which aims to harmonize hedge accounting with risk management applications. In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39.

All recognized financial assets that are within the scope of TFRS 9 are required to be initially measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount outstanding, are generally measured at Fair Value Through Other Comprehensive Income (“FVTOCI”). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment in other comprehensive income, with only dividend income generally recognized in profit or loss.

Dividends obtained from such investments are accounted in the financial statements as profit or loss unless they are evidently a part of the recoverable cost of investment.

As a result of the combination of contractual cash flow characteristics and business models, the differences in the classification of financial assets are reflected in the financial statements compared to the current classification in TAS 39.

During the first recognition of a financial asset into the financial statements, business model determined by the Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification And Measurement of Financial Instruments:

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent “solely payments of principal and profit share” (SPPI).

Upon initial recognition each financial asset shall be classified as either fair value through profit or loss (“FVTPL”) amortized cost or fair value through other comprehensive income (“FVTOCI”). As for the classification and measurement of financial liabilities, the application of the existing terms of TAS 39 remain largely unchanged under TFRS 9.

Explanations on Expected Credit Loss:

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

Modeling studies were carried out on the principal components of the Expected Loan Loss calculation and the default probability (PD) models were developed on various loan portfolios. Credit portfolios are determined according to customer segments that form the basis of banking activities. The cyclical default probabilities generated by these models developed for use in the Internal Rating Based Approach (IDD) are translated into the Instantaneous Default Probabilities and these instantaneous default probabilities are used when calculating the Expected Loan Loss on TFRS 9 Calculation on Default (LGD) calculation reflects the legal deduction rates and the Bank's past collection performance on unsecured loans. Default Amount (EAD) corresponds to the balance used in cash at the reporting date for cash loans, non-cash loans and balance after application of the loan to commitment risks.

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Macroeconomic scenarios affect PD values. The expected credit loss amount is calculated by weighting 3 different scenarios as Base, Good and Bad scenarios. The probability of default of the debtors and the loss rates in default vary with each scenario.

The Bank has calculated the possible effects of the COVID-19 outbreak as of 31 March 2021 with the best estimate method, which it obtained on the principle of maximum effort to estimate and reasoning used in the calculation of expected credit losses. In the light of the aforementioned data, during the pandemic, the Bank revised its macroeconomic expectations in the calculation of expected credit loss, and the calculation made taking into account the change in PD with the update in the EDF model was reflected in the financial statements. By its nature, the model effects are reflected in the financial statements with a delay due to the occurrence of the events and their effects at different times. For this reason, if deemed necessary the Bank may make sectoral based valuations in order to eliminate the timing difference, and establish additional provisions for the sector or customers which are considered to have a high impact due to outbreak. The Bank maintains this approach as of March 31, 2021. When deemed necessary, the future will review these assumptions according to the course of the pandemic.

Within the scope of Article 4 and 5 of the Regulation On Procedures And Principles For Classification Of Loans And Provisions in accordance with the BRSA Decision numbered 8948 dated 17 March 2020, due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak, the 90 days default periods for loans to be classified as non-performing loans shall be applied as 180 days; the 30 days periods for loans to be classified as stage 2 shall be applied as 90 days according to assembly's resolution dated on 17 March 2020. This measure will be effective until 30 June 2021. In this context,

- Temporarily, it is possible to classify the receivables that cannot be collected up to 90 days in stage 1, and the receivables that cannot be collected up to 180 days in Stage 2
- In restructured installment receivables, the practice of shifting installments without a contract breakdown, within the defined terms has started for costumers who do not want to be late in their instalments.

Terminatively, this leads the Banks continue to set aside provisions for such receivables in accordance with their own risk models used in the calculation of expected credit losses under TFRS 9.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecast of future economic conditions.

The Bank applies a 'three-stage' impairment model depending on the gradual increase in credit risk observed since initial recognition

Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. It is recognized 12-month expected credit losses for such financial assets.

Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized life-time expected credit losses for such financial assets.

In this context; The basic considerations that are taken into account in determining the significant increase in the credit risk of a financial asset and its transfer to Phase 2 are, but are not limited to, the following.

- Delayed by more than 30 days as of the reporting date
- Restructuring
- Close Monitoring
- Evaluation of distortion in Rating Note

The definition of the deterioration in the rating is the comparison of the credit rating at the opening date and the rating date at the reporting date by using the Bank's internal rating-based credit rating models. If the rating calculated for the loan at the reporting date exceeds the specified threshold values, the rating is deemed as deterioration.

In this context; in accordance with the decision of the BRSA in the context of the covid-19 outbreak, the 30 day delay period for the classification of loans as Stage 2 has been implemented as 90 days until 30 June 2021; The Bank continues to provide provisions in accordance with this loan credit risk policy.

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Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. It is recognized life-time expected credit losses for such financial assets.

The Bank periodically evaluates the provisions of loans and other receivables in accordance with TFRS 9 retrospectively on the basis of their results and, if deemed necessary, revises the basketing rules and the parameters used in the calculation of the related provision balances.

However, based on the decision taken by the BRSA within the scope of the COVID-19 outbreak, the 90-day delay period foreseen for the classification of loans as non-performing loans has been allowed to be applied as 180 days until 30 June 2021. The BRSA extended these opportunities until 30 June 2021 with its decision numbered 9312 on 8 December 2020. The Bank continues to provide provisions for these loan customers in accordance with its risk policies. As of March 31, 2021, the Bank has a loan of TL 318,644 with a delay of 30-90 days and a total of TL 1,172,001 with a delay of 90-180 days within the scope of the aforementioned flexibility. As of March 31, 2021, the Bank allocated a total of TL 56,202 for loans with a delay of 30-90 days and a total of TL 894,525 for loans with a delay of 90-180 days.

1.6 Revenue from TFRS 15 Customer Contracts:

TFRS 15 Revenue from Customer Contracts provides a single, comprehensive model and guidance on the recognition of revenue and is recorded in accordance with TFRS 15.

1.7 Explanations on TFRS 16 Leases Standard

The leasing transactions are presented by the lessor as assets (right-of-use assets) and liabilities from leasing transactions. TFRS 16 Standard eliminates the dual accounting model of leasing transactions on balance sheet and operational leasing transactions as direct expense except balance sheet.

Within the scope of TFRS 16, the Bank reflects the existence of a lease obligation and a right of use to the financial statements at the date of initial application. The Bank measures the leasing liability on the present value of the remaining lease payments, discounted at their present value using the alternative borrowing cost ratio at the date of initial application of the Bank. In addition, the Bank measures the existence of the right to use of such right at an amount equal to the lease obligation, which is reflected in the statement of financial position immediately after the first application date, adjusted for the amount of all prepaid or accrued lease payments.

As of March 31, 2021, the right-of-use assets classified tangible assets amounting to gross TL 475,029 in the balance sheet of the Bank and lease obligations amounting to gross TL 526,625. In the three-month period that ended as of the same date, financial expenses amounting to TL 12,263 and depreciation expenses amounting to TL 27,184 were incurred.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority (“POA”) has changed to TFRS 16 “Leases” standard by publishing Privileges Granted in Lease Payments - "Amendments to TFRS 16 Leases" concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental privileges in lease payments due to Covid-19. This change did not have a significant impact on the financial status or performance of the Bank.

2. Explanations on Strategy of Using Financial Instruments And Foreign Currency Transactions

The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank’s exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank’s equity. The assets-liabilities committee (ALC) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement. There are no foreign currency differences capitalized by the Bank.

3. Investments in Associates And Subsidiaries

Turkish currency denominated associates and subsidiaries are measured at cost value in accordance with the “Consolidated and Separate Financial Statements” (“TAS 27”) and then deducted by provisions for impairment losses, if any, reflected to the accompanying unconsolidated financial statements.

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4. Explanations on Forward Transactions And Option Contracts And Derivative Instruments

The Bank enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. In accordance derivative instruments are classified as 'hedging derivative financial asset' and 'derivative financial assets/liabilities at fair value profit or loss'. The Bank classifies its derivative instruments as "Derivative Financial Instruments Held for Hedging Purposes" and "Derivative Financial Instruments Held for Trading" even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as "held for trading" and are reflected in the "Derivative Financial Assets/liabilities at fair value profit or loss" account in the balance sheet.

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

Fair values of foreign currency forward transactions and swaps are calculated by using the discounted cash flow model. Differences resulting from the changes in the fair values of derivatives held for trading are accounted under 'Trading Income/Loss' line in the income statement.

Embedded derivatives are separated from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Embedded derivatives are accounted as derivative instruments in-line with TAS 39. If the embedded derivatives are closely related with the host contract, embedded derivatives are accounted for in-line with the relevant standard applicable for the host contract.

As of March 31, 2021, the Bank has no cash flow hedging transaction.

5. Explanations on Profit Share Income And Expense

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. While applying the internal rate of return method, the Bank amortizes the fees included in the account of the effective profit rate over the expected life of the financial instrument. If the financial asset is impaired and classified as a non-performing loan, profit accruals and rediscount calculate for these customers within the scope of TFRS 9 Financial Instruments Standard.

The Bank calculates expense accrual in accordance with the unit value calculation method on profit/loss sharing accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

6. Explanations on Fees And Commission Income And Expenses

Other than fees and commission income and expenses received from certain banking transactions that are recorded as income or expense in the period they are collected, fees and commission income and expenses are recognized in the income statement depending on the duration of the transaction. Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers.

Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet.

7. Explanations on Financial Assets

The Bank classifies and accounts for its financial assets as 'Fair Value Through Profit/Loss', 'Fair Value Through Other Comprehensive Income,' or 'Amortized Cost.' Such financial assets are recognized and derecognized as per the terms of "Recognition and Derecognition in Financial Statements" under the section three of the "TFRS 9 Financial Instruments" regarding the classification and measurements of financial instruments, published in the Official Gazette numbered 29953 and dated 19 January 2017 by Public Oversight, Accounting and Auditing Standards Authority ("POA"). When financial assets are included in the financial statements for the first time, they are measured at fair value. Transaction costs are initially added to fair value or deducted from fair value at the initial measurement of financial assets other than the "Fair Value at Fair Value Through Profit or Loss".

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

7.1 Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are financial assets that are managed within a business model other than the business model whose objective is achieved by holding contractual cashflows for collection and the business model whose objective is achieved by collecting and selling contractual cash flows. Also, in case that the contractual terms of financial assets do not give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount, such assets are those that are, obtained with the aim of providing profit from the short-term price or other factor fluctuations in the market or are part of a portfolio aiming to obtain short-term profit, regardless of the reason of acquisition.

7.2 Financial assets at fair value through other comprehensive income:

A financial asset is classified as at fair value through other comprehensive income when the asset is managed within a business model whose objective is achieved by collecting contractual cash flows and selling the financial asset, as well as when the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and profit share on the principal amount.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition costs that reflect the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share method regarding the financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses," which is the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income, are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, or the impairment of the asset. "Unrealized gains and losses" are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, are carried at fair value, in the case that the securities have a quoted market price in an active market and/or the fair values of the securities can be reliably measured. In contrary case, the securities are carried at cost, less provision for impairment.

During initial recognition an entity can make an irrevocable election regarding the presentation of the subsequent changes in the fair value of the investment in an equity instrument, that is not held for trading purposes, in the other comprehensive income. In the case that the entity elects to present the changes as described, dividends arising from the investment is accounted in the financial statements as profit or loss.

7.3 Financial assets measured at amortized cost:

In the case that a financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and that the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and profit share on the principal amount, the financial asset is classified as financial asset measured at amortized cost.

Financial Assets Measured at Amortized Cost; are financial assets, other than loans and receivables, which are held for the purpose of custody until maturity, with conditions necessary for such assets to be held until contractual maturity met, including funding ability; and which have fixed or determinable payments and fixed maturities. Financial assets measured at amortized cost are initially recognized at cost and subsequently measured at amortized cost using the internal rate of return method. Profit share income related to Financial Assets measured at amortized cost is reflected in the income statement.

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7.4 Derivative financial assets:

The major derivative instruments utilized by the Bank are foreign currency swaps, cross currency swaps and currency forwards.

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, the fair value amounts are classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss." The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

7.5 Loans:

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

8 Explanations on Offsetting of Financial Assets And Liabilities:

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

9. Explanations on Sale And Repurchase Agreements And Lending of Securities

Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. In this context, the Bank performs sale transactions of treasury rent certificates that are recognized in the assets of the balance sheet in return for conditional repurchasing by tendering to purchase auctions held by CBRT with various maturities; and thusly raises funds.

As of 31 March 2021, the Bank has repurchased agreement amounting to TL 3,404,605 (31 December 2020: 185,225).

10. Explanations on Assets Held For Sale And Discontinued Operations And Related Liabilities

As mandated by the Banking Act 5411 Article 57 "banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements within the scope of Capital Markets Act No. 2499, and precious metal trade as seen appropriate by the board, and cannot participate in partnerships with firms whose main business activity is commercial real-estate, with the exception of real-estate investment partnerships and companies that finance mortgaged residential estates. The rules and procedures regarding the sales of real-estate and commodities that were acquired due to receivables and debtors' obligations to the bank are determined by the board."

Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also, the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or disposal group) can remain to be classified as assets (or disposal group) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal group) to be classified as asset held for sale.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. Discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

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11. Explanations on Goodwill And Other Intangible Assets

Intangible assets are stated at cost adjusted for inflation until 31 December 2004, less provision for impairment, if any, and accumulated amortization and amortized with straight-line method.

The other intangible assets of the Bank comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years. The amortization period of the licenses is determined on the basis of the duration of the license agreements.

12. Explanations on Tangible Assets

Fixed assets are stated at cost adjusted for inflation until 31 December 2004, less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates used for amortization are as follows:

Property	2%
Movables, leased assets	6.67% - 20%

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date. Leasehold improvements are depreciated over the term of the lease agreements by straight-line method.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than its carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

Gains or losses resulting from disposals of the fixed assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repair costs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed as incurred.

The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product, or to decrease the costs.

Property held for long-term rental yields and/or capital appreciation is classified as investment property. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

13. Explanations on Leasing Transactions

For contracts concluded prior to 1 January 2019, the Bank assesses whether the contract has a lease qualification or include a lease transaction.

- (a) The right to obtain almost all of the economic benefits from the use of the leased asset and,
- (b) Whether the leased asset which has the right to manage its use is evaluated

The Bank has started to apply the TFRS 16 - Leases standard as of January 1, 2019, the first date of implementation of the TFRS 16 standard. As of January 1, 2019, the date of transition to TFRS 16 "Leases" standard, the lease obligation was measured at the present value of the lease payments not paid at that time. Lease payments are discounted by using alternative borrowing profit-share rate of the Bank. The Bank recognized the right of use assets equal to the lease payables by adjusting the prepaid or accrued lease payments.

The right of the use asset

The Bank reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

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

- (a) The first measurement amount of the lease obligation,
- (b) The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental.

When the Bank applying cost method, the existence of the right of use:

- (a) Accumulated depreciation and accumulated impairment losses are deducted and
- (b) Measures the restatement of the lease obligation over the adjusted cost.

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The Bank applies depreciation provisions in TAS 16 Property, Plant and Equipment standard while depreciating in the right of use.

The Bank determines whether the right of use has been impaired and recognizes any identified impairment losses in accordance with TAS 36 – Impairment of Assets.

Lease Obligation

At the effective date of the lease, the Bank measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's alternative borrowing profit share rate.

The profit share on the lease liability for each period of the lease term is the amount found by applying a fixed periodic profit share rate to the remaining balance of the lease liability. Periodic profit share rate is the Bank's borrowing profit share rate.

After the beginning of a contract, the Bank remeasures its lease liability to reflect changes in lease payments. The Bank reflects the restatement amount of the lease obligation to the financial statements as revised in the presence of the right of use.

14. Explanations on Insurance Technical Provisions:

TFRS 4 specifies the requirement to classify all contracts issued by insurance companies as insurance contracts or investment contracts. Contracts with significant insurance risk are qualified as insurance contracts. Insurance risk is defined as the risks that the party holding (insured) an insurance contract transfers to the insurer, other than financial risk. Contracts without significant insurance risk are classified as investment contracts. Investment contracts are accounted for in accordance with TAS 39 "Financial Instruments: Recognition and Measurement".

Insurance technical provisions in consolidated financial statements; consists of unearned premiums reserve, continuing risk reserve, outstanding claims reserve and life mathematical reserve.

Unearned premiums reserve consists of the gross portion of the premiums accrued for the insurance contracts in force, extending to the next fiscal period or fiscal periods on a daily basis without any commission or other discount.

Provision for ongoing risks is reserved for the main branches determined by the Undersecretariat of Treasury if the expected loss ratio is above 95%. The amount found by multiplying the rate exceeding 95% by the net unearned premium reserve for each main branch is added to the unearned premium reserve of that main branch.

Outstanding claims provision is reserved for the compensation amounts that were accrued and determined on account but not actually paid in the previous accounting periods or in the current account period or, if this amount could not be calculated, their estimated value and the compensation amounts realized but not reported.

Mathematical provision is allocated according to actuarial principles in order to meet liabilities to policyholders and beneficiaries for life, health and personal accident insurance contracts for more than one year.

On the other hand, actuarial chain ladder method is used to estimate the provision amount that should be set aside in the current period based on the data of previous incurred claims. The amount of the provision found as a result of the method is either added to the outstanding claims provision or subtracted from the outstanding claims reserve amount.

Reinsurance companies allocate provisions according to their participation shares over the actual compensation amounts declared, accrued and determined on account by the companies.

The insurance company affiliated with the group takes its premiums and risks in order to reduce the losses arising from the anticipated risks as part of its operations. Insurance premiums transferred to reinsurers for contracts that transfer significant insurance risks are expensed by spreading over the term of the relevant policies in parallel with the accrual of insurance premium income arising from possible risks.

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Variable costs that are directly associated with insurance and reinsurance contracts, such as brokerage, commission, consortium expenses and other acquisition costs, are amortized in parallel with the recognition of premium earnings during the contract period.

15. Explanations on Insurance Technical Income and Expenses

In insurance companies, premium income is generated after deduction of shares transferred to reinsurers from policy revenues.

Damages are recorded as expense as they occur. Outstanding claims provision is provided for claims not yet paid at the end of the period and incurred but not reported claims. The reinsurer shares of outstanding and paid claims are netted off within these provisions.

16. Explanations on Provisions And Contingent Liabilities

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

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

As per the “Matching Principle,” a provision is provided for the liabilities arising as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a “Contingent” liability and is disclosed in the related notes to the financial statements.

17. Explanations on Liabilities Relating to Employee Benefits

17.1 Defined benefit plans:

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and who retires or quits the employment to receive old age or disability benefits, to fulfill the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

Liabilities amount which is related to “Turkish Accounting Standard on Employee Benefits” (“TAS 19”) is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm.

Bank is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

The Bank’s employees are not members of any pension fund, foundations, union or other similar entities.

17.2 Defined contribution plans:

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees as mandated by the Social Security Association. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

17.3 Short term benefits to employees:

In accordance with “TAS 19”, vacation pay liabilities are defined as “Short Term Benefits to Employees” and accrued as earned.

Bank management calculates bonus accrual if it foresees that the budgeted year-end figures approved by the Board of Directors are attainable.

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18. Explanations on Taxation

Current Tax

As per the terms of the provisional article 11 added to the Law No. 5520 by the Article 91 of the Law No. 7316, it was established that the rate of 20%, as disclosed in the first paragraph of the Article 32 of the Corporate Tax Law No. 5520, shall be applied as 25% over the corporation income for the tax period of the years 2021, 23% for the taxation period of 2022. (and for entities that are appointed with special accounting period, for the accounting periods beginning within the relevant year).

In this context, corporate tax will be collected at the rate of 25% for the 2021 period and 23% for the year 2022 for corporate taxpayers. In addition, in the said periods, temporary tax will be paid by the corporate taxpayers at the rate of 25% for 2021 and 23% for 2022, according to the principles specified in the Income Tax Law, to be deducted from the corporate tax of the aforementioned tax periods.

This rate is applied on taxable income which is calculated by adjusting the income before tax for certain disallowable expenses, tax exempt income and other allowances. No further tax is applicable unless the profit is distributed. In accordance with the tax legislation, the temporary tax rate for 2021 will be paid at the rate of 25% for the year 2021 and 23% for the year 2022 over the tax bases formed quarterly, and the temporary taxes paid within the year are deducted from the corporate tax calculated over the annual corporate tax return of that year.

Withholding taxes is not applied to dividends distributed to companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister's decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15th and 30th articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 15% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign-based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

Institutions calculate temporary tax at the rate of 25% for 2021 and 23% for 2022 with the above law amendment over their quarterly financial profits, and they declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day. Advance taxes are paid within the year belong to that year, and the paid advance taxes are offset from the corporate tax liability calculated over the corporate tax returns in the subsequent year. Any remaining amount of paid advance taxes after the offset can be paid back in cash or it can be deducted from financial loans to the government.

For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012 in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for profit from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable's; except in case of failure to fulfill the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable's with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the thirty day of the fourth month following the balance sheet date and taxes is paid in one installment by the end of that month.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments.

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Deferred Tax

For taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as per the provisions of “Turkish Accounting Standard on Income Taxes” (“TAS 12”), the Bank calculates deferred tax asset or liability over all taxable temporary differences and deferred tax asset over taxable temporary differences, apart from the provisions for Expected Credit Losses for 12-Months (Stage 1) and for Lifetime Credit Losses (Stage 2) with significant increase in the credit risk after initial recognition, to the extent that is probable that taxable profit will be available in subsequent periods. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. The tax effect regarding the items directly accounted in equity are also reflected in equity. Updated tax rates in the upcoming periods will be taken into account in the calculation of deferred tax assets and liabilities.

19. Explanations on Additional Disclosures on Borrowings

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Bank does not apply hedging techniques on related borrowings.

The Bank has not issued convertible bonds.

20. Explanations on Share Certificates Issued

There is no significant amount of transaction costs on Bank about share certificates.

21. Explanations on Acceptances And Aailed Drafts

Acceptances and aailed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in off-balance sheet accounts.

22. Explanations on Government Grants

There are no government grants received by the Bank.

23. Explanations on Segment Reporting

The Bank conducts its activities in three separate segments: Corporate and Commercial Banking, Retail Banking, Treasury and International Banking. Each department serves with its own products and the results of the activities are monitored on the basis of these departments.

Segment reporting is disclosed in Section Four, Note 13.

24. Explanations on Other Matters

The Bank has no disclosures on other matters.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

1. Explanations on Equity Items

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 31 March 2021 Bank’s total capital has been calculated as TL 10,614,394 (31 December 2020: TL 12,713,746), capital adequacy ratio is 15.32% (31 December 2020: 21.26%).

Fluctuations are experienced in the financial markets mainly as a result of the COVID-19 outbreak, in the press statement made by the BRSA on March 23, 2020. Therefore, in accordance with the BRSA's Decision No. 9312 dated 08.12.2020; In the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; To be able to use the simple arithmetic average of the Central Bank foreign exchange buying rates of the last 252 business days before the calculation date, when calculating the amounts valued in accordance with the Turkish Accounting Standards and the relevant special provision amounts for monetary assets and non-monetary assets other than items in foreign currency measured in terms of historical cost,

In the event that the net valuation differences of those included in the Financial Assets with Fair Value Differences Reflected in the Other Comprehensive Income portfolio are negative, these differences have enabled them to be ignored in the amount of equity to be calculated in accordance with the Regulation on the Equity of Banks and used for the capital adequacy ratio. However, the implementation of the current provisions of the Regulation for "Financial Assets with Fair Value Differences Reflected in Other Comprehensive Income" acquired after March 23, 2020,

In addition, in accordance with the BRSA's decision dated 16/04/2020 and numbered 8999; Within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, it is enabled to apply 0% risk weight in the calculation of the amount subject to credit risk to the receivables of banks from the Central Government of the Republic of Turkey and arranged in FX.

The Bank used these opportunities in its Capital Adequacy calculations as of March 31, 2021.

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1.1 Components of Total Capital:

	<i>Current Period Amount</i>	<i>Prior Period Amount</i>
COMMON EQUITY TIER I CAPITAL		
Paid-In Capital To Be Entitled For Compensation After All Creditors	4,600,000	4,600,000
Share Premium	23,250	23,250
Reserves	3,360,936	1,970,146
Other Comprehensive Income According to TAS	59,053	98,217
Profit	511,695	1,452,729
Current Period Profit	459,247	1,400,281
Prior Period Profit	52,448	52,448
Bonus Shares From Associates, Affiliates And Joint-Ventures Not Accounted In Current Period's Profit	-	-
Common Equity Tier I Capital Before Deductions	8,554,934	8,144,342
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 (-)	281,149	77,641
Leasehold Improvements On Operational Leases (-)	72,765	77,771
Goodwill Netted With Deferred Tax Liabilities	-	-
Other Intangible Assets Netted With Deferred Tax Liabilities Except Mortgage Servicing Rights	190,470	177,808
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	51,258	51,258
Direct And Indirect Investments Of The Bank On Its Own Tier I Capital (-)	4,869	4,869
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 Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Net Deferred Tax Assets Arising From Temporary Differences Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Amount Exceeding The 15% Threshold Of Tier I Capital As Per The Article 2, Clause 2 Of The Regulation On Measurement And Assessment 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 (-)	-	-
Mortgage Servicing Rights Not Deducted (-)	-	-
Excess Amount Arising From Deferred Tax Assets From Temporary Differences (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
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 I Capital	600,511	389,347
Total Common Equity Tier I Capital	7,954,423	7,754,995

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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	2,078,038	1,851,633
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	2,078,038	1,851,633
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 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 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 Assessment Of Capital Adequacy Of Banks (-)	-	-
Net Deferred Tax Asset/Liability Not Deducted From Tier I Capital As Per The Temporary Article 2, Clause 1 Of The Regulation On Measurement And Assessment 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	2,078,038	1,851,633
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	10,032,461	9,606,628
Tier II Capital		
Debt Instruments And The Related Issuance Premiums Defined By The BRSA	-	2,592,281
Debt Instruments And The Related Issuance Premiums Defined By The BRSA (Covered By Temporary Article 4)	-	-
Provisions (Amounts Explained In The First Paragraph Of The Article 8 Of The Regulation On Bank Capital)	684,323	613,486
Tier II Capital before deductions	684,323	3,205,767
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	684,323	3,205,767
Total Equity (Total Tier I And Tier II Capital)	10,716,784	12,812,395

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Total Tier I Capital And Tier II Capital (Total Equity)		
Loans Granted Against The Articles 50 And 51 Of The Banking Law (-)	-	-
Net Book Values Of Movables And Immovables Exceeding The Limit Defined In The Article 57, Clause 1 Of The Banking Law And The Assets Acquired Against Overdue Receivables And Held For Sale But Retained More Than Five Years (-)	6,047	5,828
Other Items To Be Defined By The BRSA (-)	96,343	92,821
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)	10,614,394	12,713,746
Total Risk Weighted Assets	69,297,164	59,802,485
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	11.48	12.97
Tier I Capital Ratio (%)	14.48	16.06
Capital Adequacy Ratio (%)	15.32	21.26
Buffers		
Bank-Specific Total CET1 Capital Ratio	2.50	2.50
Capital Conservation Buffer Ratio (%)	2.50	2.50
Systemic Significant Bank Buffer Ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According To The Article 4 Of Capital Conservation And Counter-Cyclical Capital Buffers Regulation	6.98	8.47
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	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets Arising From Temporary Differences	-	-
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)	684,323	613,486
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	684,323	613,486
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 1.1.2018-1.1.2022)		
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	-	-
Amount Of Additional Tier II Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-

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Information on debt instruments to be included in equity calculation:		
Issuer	KT ONE COMPANY LIMITED	KT AT One Company Limited
Mean Code (CUSIP, ISIN vb.)	XS2028862998	XS2227803819
Legislation to which the mean is subject	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity
Consideration In Equity Calculation		
Subject to consideration application reduced by 10% from 1/1/2015	Not being subject	Not being subject
Validity on a consolidated or unconsolidated basis or both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis
Means Type	Subordinated Sukuk	Subordinated Sukuk
Amount taken into account in equity calculation (as of last reporting date-TL million)	1,662	416
Nominal value of the mean (TL million))	1,662	416
The account in which the mean is followed accounting	3470003	3470003
Export date of the mean	16/07/2019	28/09/2020
Maturity structure of the mean (demand/term))	Demand	Demand
Initial maturity of the mean	Demand	Demand
Whether the issuer has the right to refund subject to BRSA approval	Yes	Yes
Date of repayment option, contingent repayment options and amount to be paid back	16/07/2024 - Complete	28/09/2025 - Complete
Subsequent repayment option dates	16/07/2024	28/09/2025
Dividend payments		
Fixed or variable dividend payments	Fixed dividend payments	Fixed dividend payments
Dividend ratio and index value for dividend ratio	9.13%	9.95%
Whether there are any restrictions that stop paying dividends	None	None
The ability to be completely optional, partially optional or mandatory	Mandatory	Mandatory
Whether there is an element to encourage repayment, such as a dividend rate hike	None	None
Non-accumulative or cumulative property	Noncumulative	Noncumulative
Ability to convert to stock		
Trigger events/events that would cause conversion if converted to stock	Cannot be converted into stock	Cannot be converted into stock
Fully or partially convert property if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock
If it can be converted to stock, the conversion rate	Cannot be converted into stock	Cannot be converted into stock
Forced or optional conversion property, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock
Types of convertible means, if convertible to stock	Cannot be converted into stock	Cannot be converted into stock
Issuer of the debt instrument to be converted, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock
Value reduction feature		
Trigger events/events to cause reduction if value reduction is enabled	No Value Reduction	No Value Reduction
If it has a value reduction feature, it has a total or partial value reduction feature	No Value Reduction	No Value Reduction
If the value reduction property is continuous or transient	No Value Reduction	No Value Reduction
If the value can be temporarily reduced, the value increment mechanism	No Value Reduction	No Value Reduction
In the case of liquidation, which is in the order in respect of the right of receivables (the instrument which is located just above this instrument of borrowing))	Tier – 1	Tier - 1
Whether or not the provisions of Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None
Which of the conditions contained in Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None

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1.2 Approaches applied to assess the adequacy of internal capital requirement in terms of current and future activities:

Internal evaluation process is established for continuously evaluating and maintaining the types, componenets and distribution of the adequate level of capital in order to provide for various risks exposed to or to be exposed to. The final purpose of the evaluation process of the internal capital requirement, is to define and evaluate all the risks included or not in the calculations of the legal capital requirements, within the frame of the activities of the bank, and to provide the availability od adequate capital in order to cover these risks and the application of the risk management techniques. The results obtained in this evaluation process by taking into consideration, the Banks’ growth strategy, assets-liabilities structure, funding sources, liquidity position, foreign currency position, the effect of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Banks’ risk profile and risk appetite.

Within this scope, capital structure is reviewed as based on the frame of the activities and risks exposed to, and the internal capital requirement, probable to occur within the direction of targets and strategies of the Bank is evaluated. This evaluation includes interest rate risk, concentration risk, liquidation risk, reputation risk, residual risk, country risk and strategic risk arising of the banking books as well as market, credit and operational risks. Capital requirement internal evaluation is evaluated to be a developing process and the development areas for the future period are determined and plans are prepared.

2. Explanations and Disclosures related to Credit Risk

It has not been prepared in the interim period in accordance with Article 25 of the Communiqué on Financial Statements to be Publicly Announced by Banks and the Related Explanations and Footnotes.

3. Explanations on currency risk

Foreign currency risk represents the Bank’s exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to standard method. The “standard method” and the “value at risk method” used in legal reporting are used to measure the exchange rate risk of the bank. Measurements made under the standard method are carried out on a monthly basis and measurements made under the risk-exposed value method are carried out on a daily basis.

The Bank monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross-exchange rate risk within the position. As a tool of foreign currency risk management, foreign currency forward transactions are used when necessary to mitigate the risk.

As of 31 March 2021, the Bank carries a net foreign currency short position of TL 9,400,095 (31 December 2020 – TL 22,209,211 short position) comprising of TL 8,894,698 balance sheet long position (31 December 2020 - TL 21,901,119 long position) and TL 505,397 off balance sheet short position (31 December 2020 – TL 308,092 short position).

The announced current foreign exchange buying rates of the Bank as of 31 March 2020 and the previous five working days are as follows (full TL):

	24/03/2021	25/03/2021	26/03/2021	29/03/2021	30/03/2021	Balance Sheet Valuation Rate
USD	7.95432	7.94955	7.99592	8.12507	8.31874	8.31215
EURO	9.40885	9.3887	9.42118	9.57059	9.76441	9.74957
GBP	10.9003	10.89167	11.01	11.21758	11.43991	11.43858
CHF	8.50194	8.49409	8.50095	8.653	8.83223	8.81475
JPY	0.07321	0.07289	0.07302	0.07412	0.07544	0.07508

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days preceding the balance sheet date are as follows (full TL):

	Monthly average FC purchase rate
USD	7.64889
EURO	9.09951
GBP	10.59922
CHF	8.22223
JPY	0.07032

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Currency risk of the Bank:

	Euro	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	10,692,384	12,981,743	5,641,954	29,316,081
Banks(****)	1,229,256	1,657,236	1,467,465	4,353,957
Financial assets at fair value through profit and loss	1	843,474	7,054,300	7,897,775
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,989,769	5,371,065	-	9,360,834
Loans and finance lease receivables (*)	15,181,734	21,349,937	16,481	36,548,152
Subsidiaries, associates and joint ventures (**)	610,120	-	-	610,120
Financial assets at amortized cost	-	2,504,339	-	2,504,339
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	1,219	-	1,219
Intangible assets	-	-	-	-
Other assets	2,454,084	5,868	2,390	2,462,342
Total assets	34,157,348	44,714,881	14,182,590	93,054,819
Liabilities				
Current account and funds collected from Banks via participation accounts	21,232	215,697	265,709	502,638
Current and profit sharing accounts FC (****)	13,834,049	39,482,211	35,895,437	89,211,697
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	932,619	9,922,833	-	10,855,452
Marketable securities issued	-	-	-	-
Miscellaneous payables	703,198	334,488	29,998	1,067,684
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	219,371	562,854	35,218	817,443
Total liabilities	15,710,469	50,518,083	36,226,362	102,454,914
Net balance sheet position	18,446,879	(5,803,202)	(22,043,772)	(9,400,095)
Net off-balance sheet position	(18,983,029)	5,843,287	22,034,440	8,894,698
Financial derivative assets	555,173	13,036,607	23,484,902	37,076,682
Financial derivative liabilities	19,538,202	7,193,320	1,450,462	28,181,984
Non-cash loans (***)	2,119,810	2,859,191	261,064	5,240,065
Prior period				
Total assets	33,003,388	31,604,258	16,220,333	80,827,979
Total liabilities	13,501,256	51,731,458	37,804,476	103,037,190
Net balance sheet position	19,502,132	(20,127,200)	(21,584,143)	(22,209,211)
Net off-balance sheet position	(19,867,567)	20,187,707	23,484,979	21,901,119
Financial derivative assets	972,259	25,033,494	21,919,119	47,924,872
Financial derivative liabilities	20,839,826	4,845,787	338,140	26,023,753
Non-cash loans (***)	1,837,972	2,349,832	205,654	4,393,458

(*) Includes foreign currency indexed loans amounting to TL 1,699,695 (31 December 2020 – TL 1,740,355) and includes expected loss provision amounting to TL 1,769,311 followed as TL on the balance sheet.

(**) TL 610,120 (31 December 2020 - TL 610,120) of the subsidiaries amounting to TL 1,461,015 in the balance sheet includes foreign currency subsidiary and subsidiary.

(***) Does not have any effect to the net off-balance sheet position.

(****) Precious metals are included in "Other FC" column.

(*****) Other liabilities at fair value through TL 2,469 in the calculation of profit / loss of securities are not included in the foreign currency risk of impairment provisions. It also includes a provision for foreign currency indexed loans amounting to TL 177,593.

(******) Includes provisions for expected losses amounting to TL 909 in the balance sheet.

Foreign currency amounts that are not included in the currency risk table due to the legislation related to calculation of foreign currency net position to equity standard ratio, are explained by their gradation in the financial statements below;

- Derivative financial assets held for trading TL 167,404 (31 December 2020 – TL 332,438)
- Prepaid expenses: TL 1,551 (31 December 2020 – 693 TL)
- Derivative financial liabilities held for trading: TL 624,241 (31 December 2020 – TL 286,320)
- Marketable securities of FC revaluation reverse: (48,923) (31 December 2020 - TL (94,206))
- Derivative financial liabilities held for hedging: None (31 December 2020 - TL None)

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Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions that are amounting to;

- Forward foreign currency purchase transactions TL 1,784,444 (31 December 2020 – TL 1,122,593)
- Forward foreign currency sale transactions: TL 2,460,971 (31 December 2020 – TL 1,178,611)
- Precious metals purchase transactions TL 22,358,032 (31 December 2020 – TL 20,984,650)
- Precious metals sale transactions TL 987,441 (31 December 2020 – TL 30,525)

Sensitivity to exchange rate risk

The bank is largely exposed to currency risk in Euros, US dollars and Gold.

The table below shows the bank's sensitivity to a 10% increase in US Dollar, Euro and gold exchange rates.

	Change in exchange rate (%)	Effect on profit / loss		Effect on Equity	
		Current period	Prior period	Current period	Prior period
USD	10%	4,009	6,051	4,009	6,051
EUR	10%	(53,615)	(36,544)	(53,615)	(36,544)
GOLD	10%	9,481	11,870	9,481	11,870

4. Explanations related to stock position risk

4.1 Relation of risks with gains accounted under equity and analyzing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes:

The Bank's non-quoted securities are accounted for fair value. When the fair value cannot be reliably measured, the cost method is used.

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

	Current Period	Comparison	
Equity Securities (shares) investments	Carrying Value	Fair Value	Market Value
1 Securities at Fair Value Through Other Comprehensive Income	52,059	-	52,059
Quoted Securities	-	-	-
2 Investments in Associates	-	-	-
Quoted Securities	-	-	-
3 Investment in Subsidiaries	1,461,015	-	435,600
Quoted Securities	53,418	-	435,600
4 Other	20,000	-	-
Quoted Securities	-	-	-
Prior Period	Comparison		
Equity Securities (shares) investments	Carrying Value	Fair Value	Market Value
1 Securities at Fair Value Through Other Comprehensive Income	48,461	-	48,461
Quoted Securities	-	-	-
2 Investments in Associates	-	-	-
Quoted Securities	-	-	-
3 Investment in Subsidiaries	1,461,015	-	382,800
Quoted Securities	53,418	-	382,800
4 Other	20,000	-	-
Quoted Securities	-	-	-

4.3 Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals:

None

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5. Liquidity risk management and liquidity coverage ratio

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. It has been evaluated in two main categories:

Funding Liquidity Risk: It is a kind of risk which does not meet the any unexpected loss and non defaulting debts and liabilities.

Market Liquidity Risk: It is a kind of risk which consists of the position that cannot be sold without affecting market price due to insufficient market depth or market conditions' deterioration or that cannot be completed with the position of market price for any reasons.

Liquidity risk is managed by the Asset-Liability Committee (ALC) and related business units within the framework of the Liquidity Risk Policy and risk appetite approved by the Board of Directors. In liquidity risk management, the measures to be taken and the practices to be carried out are determined by taking into account normal economic conditions and stress conditions. The Bank defines liquidity risk, measures risks with liquidity risk measurement methods in accordance with international standards, monitors them and periodically presents them to the interested parties. Liquidity risk stress tests are performed during monthly periods. An emergency funding plan (liquidity contingency plan) has been created to regulate the procedures and principles for the bank to maintain and maintain adequate liquidity levels under stress conditions.

The bank's liquidity risk ratios are well above the legal limits. The bank maintains its liquidity buffer at high levels, taking into account periods when liquidity risk may increase. Due to this approach, it is evaluated that the negative effects of the COVID-19 pandemic on the global level do not have a significant impact on the bank's liquidity needs.

5.1 Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The applications and responsibilities related to the liquidity risk has been determined according to the Treasury Liquidity and Market Management Policies and Practices approved by Board of Directors. The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet its liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has a strong capital structure and is supported by its main shareholder is Kuwait Finance House; also its current and participation accounts are spread to the base and are stable, and its sources of foreign borrowing are diversified. Hence, by the virtue of the aforementioned facts, the Bank has a high risk capacity. In addition, the Liquidity Coverage Ratio of the Bank which insures its cash outflows with the high-quality liquid assets is deemed high. The Bank also has limits available for use at Central Bank of Turkey and other financial institutions.

Indicators regarding the liquidity position are analyzed and liquidity risk is evaluated at the ALC meetings attended by the senior management. Furthermore, the Board of Directors are informed through the Audit Committee.

For the management of liquidity risk, the Risk Management Department follows the funding and liquidity risks, market conditions, in the participating accounts, the distribution of different currencies, maturity, cost and expected future cash flow requirements (particularly with regard to large deposits). Reports on the liquidity gap analysis prepared weekly by Budget and Management Reporting and monitored by the Asset and Liability Committee. These units also estimate the possible liquidity needs of the Bank in case of urgent situations and generate action plans based on these estimates. Risk Management Department follows the limits on liquidity risk determined by the Board of Directors. Risk Management Department, in addition to these, is implementing monthly liquidity stress tests to measure the effects of negative scenarios on liquidity position of the Bank. The Treasury Group Management manages the liquidity risk and funding risk in order to prevent insufficiencies of funding relating to any time or any source and makes reports related with the liquidity position to Asset and Liability Committee regularly. Official and International Reporting Directorate tracks the liquidity coverage ratio and the results are reported to the BRSA.

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

The Bank's liquidity management is performed by the Asset and Liability Management. Depending on the Bank's consolidated subsidiaries are subject to liquidity risk is managed in-house, but the necessary communication and coordination within the Assistant General Manager in charge of Treasury and International Banking are provided.

5.3 Information on the Bank's funding strategy including the policies on funding types and variety of maturities:

Bank spread to the base of current and participation accounts and that a stable, long-term diversification and aims to be the source of the funds used. Ratio of liquid assets to total assets ratio and risk indicators related to liquidity, credit and the ratio of funds, issues such as the concentration in collected funds are being closely monitored.

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

Almost all liabilities of the Bank are denominated in Turkish Lira, American Dollar, Euro or Gold. The TL denominated liquidity of the Bank is managed through the open market transactions implemented by the Central Bank of the Turkish Republic and interbank operations. Liabilities denominated in TL are used in order to fund assets that are denominated in TL, assets denominated in TL are generated through foreign exchange based funds with swap operations if necessary. Foreign currency funds are provided with the foreign sourced credits denominated in foreign currency and sukuk-financial certificates issued. Liquidity denominated in foreign currency is kept at the interbank operations and accounts of the corresponding bonds within the limits. Liabilities denominated in Gold are kept at the required reserve accounts of the Central Bank of the Turkish substantially.

5.5. Information on liquidity risk mitigation techniques:

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposits. In addition, core deposit analysis is performed and concentration on collected funds are closely monitored.

5.6. Information on the use of stress tests:

In order to analyze the source of the possible liquidity insufficiencies and whether conformably move exists on existing off-balance sheet and balance sheet positions relevant with liquidity risk expectation, 3 types liquidity stress tests are applied by Risk Management Directorate. These includes stress test scenarios are special to the Bank, related with the overall market or scenarios take in consideration both of the situations. Stress tests related with liquidity risk are repeated at monthly periods. Results are tracked with key risk indicators and monitored by Senior Management.

5.7. General information on emergency funding plan:

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Emergency Funding Plan, which is approved by Board of Directors. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. Indicators of Emergency Funding Plan were determined, in case of unexpected progress at the liquidity situation occur or at situations trigger of other indicators, plan is put into use. Asset-Liability Committee is responsible from the determination of actions to be taken.

5.8. Presentation of financial liabilities according to contractual maturities:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

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Liquidity coverage ratio

<i>Current Period</i>		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	39,318,554	29,044,568	37,997,760	27,723,774
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	53,103,963	15,774,608	4,732,093	1,577,461
3	Stable deposits	11,566,075	-	578,304	-
4	Less stable deposits	41,537,888	15,774,608	4,153,789	1,577,461
5	Unsecured wholesale funding, of which:	20,869,942	14,805,926	9,804,965	6,640,866
6	Operational deposits	-	-	-	-
7	Non-operational deposits	19,271,176	14,084,013	8,206,199	5,918,953
8	Unsecured funding	1,598,766	721,913	1,598,766	721,913
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	22,449,517	14,032,043	22,449,517	14,032,043
11	Outflows related to derivative exposures and other collateral requirements	21,300,935	14,032,043	21,300,935	14,032,043
12	Outflows related to restructured financial Instruments	1,148,582	-	1,148,582	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	17,970,590	4,503,241	1,667,272	295,838
16	TOTAL CASH OUTFLOWS			38,653,847	22,546,208
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	19,086,193	14,785,317	16,590,366	14,200,846
19	Other cash inflows	20,670,384	19,844,872	20,670,384	19,844,872
20	TOTAL CASH INFLOWS	39,756,577	34,630,189	37,260,750	34,045,718
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			37,997,760	27,723,774
22	TOTAL NET CASH OUTFLOWS			9,663,462	5,636,552
23	LIQUIDITY COVERAGE RATIO (%)			393.21	491.86

(*) The average of last three months' liquidity coverage ratio calculated by monthly simple averages.

The table below presents highest, lowest and average liquidity coverage ratios for the period between 1 January – 31 March 2021:

	Highest	Date	Lowest	Date	Average
TL+FC	443.32	15/01/2021	360.89	12/02/2021	394.37
FC	591.44	12/03/2021	422.72	26/03/2021	500.06

The liquidity coverage rate is calculated by the proportion of high-quality liquid assets held by the bank to its one month maturity cash outflows. Important balance sheet items that determine the rate; Compulsory provisions held by the CBRT, repo / non-repurchase securities, institutional qualified participation accounts, funds from abroad and receivables from banks. These items have more impact on the liquidity coverage ratio than the liquidity assets and net cash outflows, because they have a high share of the current cointegration, high concentration and variability over time.

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Liquidity risk management and liquidity coverage ratio (continued)

Prior Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	39,068,360	25,321,310	38,080,376	24,333,326
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	55,222,204	16,269,202	4,912,223	1,626,920
3	Stable deposits	12,199,949	-	609,997	-
4	Less stable deposits	43,022,255	16,269,202	4,302,226	1,626,920
5	Unsecured wholesale funding, of which:	20,699,800	14,334,947	9,768,113	6,436,532
6	Operational deposits	-	-	-	-
7	Non-operational deposits	19,114,478	13,722,941	8,182,791	5,824,526
8	Unsecured funding	1,585,322	612,006	1,585,322	612,006
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	27,072,381	16,668,483	27,072,381	16,668,483
11	Outflows related to derivative exposures and other collateral requirements	26,666,918	16,668,483	26,666,918	16,668,483
12	Outflows related to restructured financial Instruments	405,463	-	405,463	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	17,419,235	4,734,432	1,535,367	240,049
16	TOTAL CASH OUTFLOWS	-	-	43,288,084	24,971,984
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	15,040,027	10,757,116	12,808,180	10,212,021
19	Other cash inflows	26,969,855	26,340,204	26,969,855	26,340,204
20	TOTAL CASH INFLOWS	42,009,882	37,097,320	39,778,035	36,552,225
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			38,080,376	24,333,326
22	TOTAL NET CASH OUTFLOWS			10,822,021	6,242,996
23	LIQUIDITY COVERAGE RATIO (%)			351.88	389.77

(*) The average of the calculated liquidity coverage ratio for the last three months based on the monthly simple arithmetic average. The lowest, highest and average liquidity coverage ratios calculated on weekly periods between January 1 - December 31, 2020 are listed in the table below:

Prior Period:

	Highest	Date	Lowest	Date	Average
TL+FC	422.95	29/05/2020	260.25	17/04/2020	345.94
FC	508.85	21/02/2020	211.65	01/05/2020	350.74

The liquidity coverage ratio is calculated by the ratio of the high-quality liquid assets of the bank to the net cash outflows within the one-month maturity window. Important balance sheet items which are influential over the aforementioned ratio may be specified as required reserves held in the presence of TC Central Bank, securities not subject to repo/assurance, institutional qualified participation accounts, funds of foreign origins and receivables from banks. These items have a higher influence over the liquidity coverage ratio as their amounts have a higher share of liquid assets and net cash outflows, their consideration rate is higher, and they may show variability over time.

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Presentation of assets and liabilities according to their remaining maturities:

Current period	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 Years	Over 5 years	Unallocated (***)	Total
Assets								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey	11,341,129	20,239,821	-	-	-	-	-	31,580,950
Banks (*)	4,390,785	-	-	-	-	-	-	4,390,785
Financial assets at fair value through profit and loss	-	255,465	441,992	1,626,331	5,912,079	-	138,207	8,374,074
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	3,396,970	1,003,974	2,923,359	17,295,161	-	97,972	24,717,436
Loans (**)	-	8,262,544	12,932,269	28,007,047	32,962,011	4,082,610	(3,214,474)	83,032,007
Financial assets evaluated at amortised cost	-	-	2,504,339	-	-	-	-	2,504,339
Other assets (***)	2,518,502	854,213	8,818	-	1,053,212	-	4,585,404	9,020,149
Total assets	18,250,416	33,009,013	16,891,392	32,556,737	57,222,463	4,082,610	1,607,109	163,619,740
Liabilities								
Current account and funds collected from banks via participation accounts	531,769	21	-	-	-	-	-	531,790
Current and profit sharing accounts	77,137,767	43,745,056	6,346,857	4,298,557	89,057	11,801	-	131,629,095
Funds provided from other financial institutions	-	1,113,896	2,329,915	7,659,322	3,568,230	32,577	-	14,703,940
Money market borrowings	-	3,404,605	-	-	-	-	-	3,404,605
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	1,346,193	136,484	-	-	-	-	-	1,482,677
Other Liabilities (****)	-	1,440,513	790,289	9,548	8,908	-	9,618,375	11,867,633
Total Liabilities	79,015,729	49,840,575	9,467,061	11,967,427	3,666,195	44,378	9,618,375	163,619,740
Net liquidity gap	(60,765,313)	(16,831,562)	7,424,331	20,589,310	53,556,268	4,038,232	(8,011,266)	-
Prior period								
Total assets	20,317,947	30,352,896	17,735,453	27,551,629	50,763,635	4,014,370	1,554,385	152,290,315
Total liabilities	72,873,988	44,706,098	11,756,907	10,006,764	3,338,778	41,882	9,565,898	152,290,315
Net liquidity gap	(52,556,041)	(14,353,202)	5,978,546	17,544,865	47,424,857	3,972,488	(8,011,513)	-

(*) Presented with netting off expected credit losses.

(**) Includes receivables from leasing transactions and presented with netting off with the expected credit loss.

(***) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets.

(****) The unallocated other liabilities consists of equity and provisions balances.

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6. Explanations on leverage ratio

Disclosure of leverage ratio template

The leverage ratio table prepared in accordance with the communiqué “Regulation on Measurement and Assessment of Leverage Ratios of Banks” published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

On-balance sheet assets (*)		Current Period	Prior Period
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	156,846,231	154,598,576
2	(Assets amounts deducted in determining Basel III Tier I Capital)	(530,263)	(394,341)
3	Total on-balance sheet risks (sum of lines 1 and 2)	156,315,968	154,204,235
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	600,493	629,764
5	The potential amount of credit risk with all and credit derivatives	627,688	482,894
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	1,228,181	1,112,658
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,452,539	2,119,201
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,452,539	2,119,201
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	72,642,787	69,534,780
11	(Adjustments for conversion to credit equivalent amounts)	(43,416,405)	(42,998,895)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	29,226,382	26,535,885
Capital and total risks			
13	Tier I Capital	9,844,528	9,608,320
14	Total risks (sum of lines 3, 6, 9 and 12)	188,223,070	183,971,979
Leverage ratio			
15	Leverage ratio	5.23	5.22

(*) Amounts in the table are three-month average amounts.

The leverage ratio calculated on the basis of the arithmetic average of the the amounts realized at the end of each month for the past three-month period as of the Bank's solo balance sheet date was 5.23% (31 December 2020 – 5.22%). The main reason for the changes from the previous period is that the increase in the items related to the finance transactions secured by securitisation instruments and goods is higher compared to the increase in other items. Therefore, the core capital increased by 2% due to the profit for the period, balance-sheet risks increased by 1%, and off-balance sheet items increased by 10%. Accordingly, the leverage ratio of the current period compared to the previous year shows a increase of 1 basis points.

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7. Explanations on the fair value of financial assets and liabilities

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

8. Transactions on behalf of others, explanations on transactions based on faith

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

9. Explanations on hedge accounting practices

None (31 December 2020 – None).

10. Explanations On Risk Management

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, Asset-Liability Committee (“ALC”) and the Risk Management Department (“RMD”) which has been composed in order to manage systemic risks that the Bank is exposed. The Board of Directors is the owner of the Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows and the level & the quality of related activities.

10.1. Explanations on Risk Management and Risk Weighted Amounts:

10.1.1 GB1 - Overview of risk weighted amounts:

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 31/03/2021	Prior Period 31/12/2020	Current Period 31/03/2021
1	Credit risk (excluding counterparty credit risk) (CCR)	54,211,179	48,815,085	4,336,894
2	Standardised approach (SA)	54,224,858	48,833,540	4,337,989
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	521,005	245,378	41,680
5	Standardised approach for counterparty credit risk (SA-CCR)	521,005	245,378	41,680
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	13,678	18,455	1,094
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% risk weighting Approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	4,383,989	3,250,536	350,719
17	Standardised approach (SA)	4,383,989	3,250,536	350,719
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	10,167,312	7,473,031	813,386
20	Basic indicator approach	10,167,312	7,473,031	813,386
21	Standardised approach	-	-	-
22	Advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	69,297,163	59,802,485	5,543,773

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11. Securitization Positions

None.

12. Qualitative explanations on market risk:

It has not been prepared in the interim period in accordance with Article 25 of the Communiqué on Financial Statements to be Publicly Announced by Banks and the Related Explanations and Footnotes.

13. Explanations on business segments

The Bank operates in Corporate and Commercial Banking, Retail Banking, Treasury and International Banking sectors.

Corporate and Commercial Banking: to meet the financial needs of the customers', unique cash flow and financial solutions are provided to customers through loans, non-cash loans, foreign trade financing services and similar customized products. Domestic and foreign business opportunities are supported by using different corporate banking instruments to serve the sustainability of the production of entities.

Retail Banking includes fund collection, installment commercial loans, business loans, non-cash loans, consumer financing and credit cards. The Bank serves in the range of products areas of profit share accounts creation, banking services, Trade Finance, Checks, POS services, Credit Cards, ATM services, Online Banking and Mobile Banking in these fields.

In Treasury and International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified "corporate" customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long-term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (forward, swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts Murabaha transactions with foreign banks.

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Selected balance sheet and income statement items according to segments:

Current Period 1 January 2021-31 March 2021	Retail and enterprise Banking	Corporate and Commercial banking	Treasury and international banking	Unallocated	Bank's total operation
Operating income	1,729,360	1,705,037	60,124	-	3,494,521
Operating expenses (-)	1,667,547	202,636	452,942	596,300	2,919,425
Transfers between segments	846,850	(164,326)	(682,524)	-	-
Net operating income(loss)	908,663	1,338,075	(1,075,342)	(596,300)	575,096
Income from associates	-	-	-	-	-
Income (loss) before tax	908,663	1,338,075	(1,075,342)	(596,300)	575,096
Provision for taxation (-)	-	-	-	115,849	115,849
Net income for the period	908,663	1,338,075	(1,075,342)	(712,149)	459,247
Current Period					
31 March 2021					
Segment assets	30,179,618	52,758,518	73,340,461	-	156,278,597
Associates, subsidiaries and joint ventures	-	-	-	1,481,015	1,481,015
Undistributed assets	-	-	-	5,860,128	5,860,128
Total assets	30,179,618	52,758,518	73,340,461	7,341,143	163,619,740
Segment liabilities	108,086,981	24,073,038	18,773,487	-	150,933,506
Undistributed liabilities	-	-	-	4,501,645	4,501,645
Shareholders' equity	-	-	-	8,184,589	8,184,589
Total liabilities	108,086,981	24,073,038	18,773,487	12,686,234	163,619,740
Prior Period					
1 January 2020 – 31 March 2020					
Operating income	1,354,258	818,036	484,346	-	2,656,640
Operating expenses (-)	1,203,712	237,623	281,973	528,504	2,251,812
Transfers between segments	660,644	(97,017)	(563,627)	-	-
Net operating income(loss)	811,190	483,396	(361,254)	(528,504)	404,828
Income from associates	-	-	-	-	-
Income (loss) before tax	811,190	483,396	(361,254)	(528,504)	404,828
Provision for taxation (-)	-	-	-	88,991	88,991
Net income for the period	811,190	483,396	(361,254)	(617,495)	315,837
Prior Period					
31 December 2020					
Segment assets	29,924,797	43,516,111	66,183,752	-	139,624,660
Associates, subsidiaries and joint ventures	-	-	-	1,481,015	1,481,015
Undistributed assets	-	-	-	11,184,640	11,184,640
Total assets	29,924,797	43,516,111	66,183,752	12,665,655	152,290,315
Segment liabilities	100,529,104	21,636,217	18,392,876	-	140,558,197
Undistributed liabilities	-	-	-	3,737,021	3,737,021
Shareholders' equity	-	-	-	7,995,097	7,995,097
Total liabilities	100,529,104	21,636,217	18,392,876	11,732,118	152,290,315

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and notes related to assets:

1.1. Information regarding the cash assets and the Central Bank of Republic of Turkey:

1.1.1 Cash and balances with the Central Bank of Republic of Turkey:

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	471,223	4,796,638	630,548	2,548,184
The Central Bank of Republic of Turkey	1,671,929	22,318,131	512,354	19,967,199
Other (*)	121,717	2,201,312	1,525	988,100
Total	2,264,869	29,316,081	1,144,427	23,503,483

(*) As of 31 March 2021, precious metal account amounting to TL 1,036,495 (31 December 2020 - TL 988,021) and money in transit amounting to TL 1,286,534 (31 December 2020 - TL 1,604) are presented in this line.

1.1.2 Balances with the Central Bank of Turkey:

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	1,643,349	2,078,310	499,584	1,493,876
Unrestricted time deposit	-	-	-	-
Restricted time deposit	28,580	20,239,821	12,770	18,473,323
Total	1,671,929	22,318,131	512,354	19,967,199

According to the CBRT's Communiqué on Required Reserves No. 2005/1, banks operating in Turkey; Required reserve ratios for Turkish lira and foreign currency liabilities are determined between 3% and 22% by differentiating according to the maturity of liabilities, and these rates are applied by banks as of the date of the report.

1.2 Information on financial assets at fair value through profit and loss:

As of 31 March 2021, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2020 - None).

Positive differences related to marketable derivative financial assets:

Financial assets at fair value through profit or loss	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	144,025	4,488	49,633	2,693
Swap transactions	852,001	162,916	78,913	329,745
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	996,026	167,404	128,546	332,438

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1.3 Information on Banks:

1.3.1. Information on Banks:

	Current period		Prior Period	
	TL	FC	TL	FC
Banks	37,221	4,354,866	26,317	5,783,150
Domestic	37,221	926,973	26,317	113,789
Foreign(*)	-	3,427,892	-	5,669,361
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	37,221	4,354,866	26,317	5,783,150

(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the collaterals given for the derivative transactions made by the Bank with foreign banks, which were monitored in the other assets account in the bank balance sheet in the previous periods, started to be monitored in the banks account as of the current period. As of 31 March 2021, the relevant amount is 488,736 TL.

1.3.2 Information on foreign banks account:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

1.4 Information on financial assets at fair value through other comprehensive income:

	Current period	Prior Period
Debt Securities	25,119,392	20,925,430
Quoted on stock exchange	25,119,392	20,925,430
Not quoted on stock exchange	-	-
Share certificates	72,232	90,202
Quoted on stock exchange	56,278	75,105
Not quoted on stock exchange	15,954	15,097
Impairment provision	474,188	220,559
Total	24,717,436	20,795,073

1.4.1. Information on Given Collateral or Blocked Financial Assets at Fair Value through Other Comprehensive Income

As of the balance sheet date, there is given collateral financial assets amounting to TL 7,760,829 (31 December 2020: TL 8,480,912) at fair value through other comprehensive income.

1.4.2. Information on Subject to Repurchase Agreement Financial Assets at Fair Value Through Other Comprehensive Income

As of the balance sheet date, there is a repurchase agreement financial assets amounting to TL 3,404,605 (31 December 2020: 185,225) at fair value through other comprehensive income.

1.4.2. Information on Subject to Repurchase Agreement Financial Assets at Fair Value Through Other Comprehensive Income

1.5. Explanations on financial assets measured at amortized cost:

1.5.1 All types of loans and advances given to shareholders and employees of the Bank:

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	4,524	10,810	4,695	6,709
Corporate shareholders	-	10,766	-	6,677
Real person shareholders	4,524	44	4,695	32
Indirect loans granted to shareholders	78,215	263	54,992	6,632
Loans granted to employees	28,775	445	27,605	541
Total	111,514	11,518	87,292	13,882

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1.5.2 Information on standart loans, loans under close monitoring and restructured loans under close monitoring:

Current Period Cash Loans	Standard Loans and Other Receivables	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Loans	72,288,375	4,674,090	2,637,964	-
Export Loans	6,422,097	191,191	-	-
Import Loans	2,339,923	94,879	-	-
Corporation Loans	36,255,380	3,831,188	2,559,843	-
Consumer Loans	12,384,340	293,936	58,035	-
Credit Cards	1,413,525	155,711	20,086	-
Loans given to financial sector	6,125,367	-	-	-
Other	7,347,743	107,185	-	-
Other Receivables	1,563	126,876	670	-
Total	72,289,938	4,800,966	2,638,634	-

Prior Period Cash Loans	Standard Loans and Other Receivables	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Loans	64,035,102	4,323,146	2,615,066	-
Export Loans	4,967,766	230,900	-	-
Import Loans	1,971,303	87,512	-	-
Corporation Loans	33,645,963	3,445,593	2,533,424	-
Consumer Loans	12,498,622	292,608	62,118	-
Credit Cards	1,226,520	130,063	19,524	-
Loans given to financial sector	3,423,936	-	-	-
Other	6,300,992	136,470	-	-
Other Receivables	8,295	117,575	9,277	-
Total	64,043,397	4,440,721	2,624,343	-

Information on standart loans and loans under close monitoring and restructured loans under close monitoring regarding provision:

	Standard Loans Current Period (*)	Loans under close monitoring Current Period (*)	Standard Loans Prior Period	Loans under close monitoring Prior Period
12-Month Expected Loss Provision	1,240,170	-	1,170,568	-
Significant Increase In Credit Risk	-	2,336,305	-	1,743,435
Total	1,240,170	2,336,305	1,170,568	1,743,435

(*) Includes expected credit loss of other financial assets measured at amortized cost amounting TL1,026 (31 December 2020: 1,094 TL).

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1.5.3 Distribution of cash loans and other receivables according to their maturities:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

1.5.4 Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	84,391	12,579,749	12,664,140
Real Estate Loans	17,741	10,429,785	10,447,526
Vehicle Loans	38,280	1,713,277	1,751,557
Consumer Loans	22,318	216,114	238,432
Other	6,052	220,573	226,625
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	42,610	42,610
Real Estate Loans	-	15,458	15,458
Vehicle Loans	-	-	-
Consumer Loans	-	27,152	27,152
Other	-	-	-
Retail Credit Cards-TL	641,777	70	641,847
With Installment	145,524	70	145,594
Without Installment	496,253	-	496,253
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	1,783	27,778	29,561
Real Estate Loans	49	2,621	2,670
Vehicle Loans	390	18,195	18,585
Consumer Loans	1,311	6,962	8,273
Other	33	-	33
Personnel Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	14,879	21	14,900
With Installment	6,218	21	6,239
Without Installment	8,661	-	8,661
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	742,830	12,650,228	13,393,058

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Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards: (continued)

Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	74,023	12,698,649	12,772,672
Real Estate Loans	17,783	10,717,815	10,735,598
Vehicle Loans	31,924	1,574,270	1,606,194
Consumer Loans	21,382	215,488	236,870
Other	2,934	191,076	194,010
Consumer Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	53,428	53,428
Real Estate Loans	-	26,470	26,470
Vehicle Loans	-	-	-
Consumer Loans	-	26,958	26,958
Other	-	-	-
Retail Credit Cards-TL	545,977	70	546,047
With Installment	120,545	70	120,615
Without Installment	425,432	-	425,432
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	1,985	25,263	27,248
Real Estate Loans	-	2,401	2,401
Vehicle Loans	466	15,844	16,310
Consumer Loans	1,519	7,018	8,537
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	13,761	21	13,782
With Installment	5,696	21	5,717
Without Installment	8,065	-	8,065
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	635,746	12,777,431	13,413,177

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1.5.5 Information on commercial installment loans and corporate credit cards:

Current Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	578,559	9,473,649	10,052,208
Business Loans	19,867	1,937,432	1,957,299
Vehicle Loans	451,518	4,872,731	5,324,249
Consumer Loans	107,174	2,663,486	2,770,660
Other	-	-	-
Commercial Installment Loans-FC Indexed	6,359	502,750	509,109
Business Loans	6,359	42,456	48,815
Vehicle Loans	-	7,401	7,401
Consumer Loans	-	452,893	452,893
Other	-	-	-
Commercial Installment Loans-FC	6,207	599,674	605,881
Business Loans	-	210,109	210,109
Vehicle Loans	6,207	389,565	395,772
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	932,575	-	932,575
With Installment	364,750	-	364,750
Without Installment	567,825	-	567,825
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	1,523,700	10,576,073	12,099,773

Prior Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	497,383	9,234,322	9,731,705
Business Loans	6,008	1,995,773	2,001,781
Vehicle Loans	405,890	4,705,779	5,111,669
Consumer Loans	85,485	2,532,770	2,618,255
Other	-	-	-
Commercial Installment Loans-FC Indexed	11,254	505,184	516,438
Business Loans	11,254	57,668	68,922
Vehicle Loans	-	11,001	11,001
Consumer Loans	-	436,515	436,515
Other	-	-	-
Commercial Installment Loans-FC	2,194	208,817	211,011
Business Loans	-	95,916	95,916
Vehicle Loans	2,194	112,901	115,095
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	816,278	-	816,278
With Installment	307,667	-	307,667
Without Installment	508,611	-	508,611
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	1,327,109	9,948,323	11,275,432

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1.5.6 Breakdown of credits by users:

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1.5.7 Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	78,423,694	70,338,950
Foreign loans	1,305,844	769,511
Total	79,729,538	71,108,461

1.5.8 Loans granted to subsidiaries and associates:

	Current period	Prior period
Loans granted directly to subsidiaries and associates	208,391	185,615
Loans granted indirectly to subsidiaries and associates	-	-
Total	208,391	185,615

1.5.9 Specific provisions for loans or default (Third Stage) provisions:

	Current period	Prior period
Loans and receivables with limited collectability	461,240	467,474
Loans and receivables with doubtful collectability	16,215	5,172
Uncollectible loans and receivables	2,127,845	2,045,229
Total	2,605,300	2,517,875

1.5.10 Information on non-performing loans (Net):

1.5.10.1 Information on Loans and Other Receivables Included in Loans under Follow-Up Account, which are Restructured or Rescheduled:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
Current Period:			
(Gross Amount Before Specific Provisions)	-	1,750	129,536
Restructured Loans and Receivables	-	1,750	129,536
Prior Period:			
(Gross Amount Before Specific Provisions)	-	1,577	262,750
Restructured Loans and Receivables	-	1,577	262,750

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1.5.10.2 Information on the movement of total non-performing loans:

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Ending balance of prior period 31.12.2020	514,908	11,192	2,408,491
Additions in the current period (+)	4,991	23,634	187,906
Transfers from other categories of non-performing loans (+)	-	4	9,801
Transfers to other categories of non-performing loans (-)	4	9,801	-
Collections in the current period (-)	17,788	1,558	164,475
Write offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	502,107	23,471	2,441,723
Specific provisions (-)	461,240	16,215	2,127,845
Net balances on balance sheet	40,867	7,256	313,878

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period			
Ending balance of prior period 31.12.2019	250,407	318,133	1,475,134
Additions in the current period (+)	506,595	10,412	1,086,141
Transfers from other categories of non-performing loans (+)	-	197,258	471,969
Transfers to other categories of non-performing loans (-)	197,197	471,975	55
Collections in the current period (-)	44,897	42,636	263,889
Write offs (-)	-	-	250,456
Sold Portfolio (-)(*)	-	-	110,353
Corporate and commercial loans	-	-	110,353
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	514,908	11,192	2,408,491
Provisions (-)	467,474	5,172	2,045,229
Net balance at the balance sheet	47,434	6,020	363,262

(*) The group has sold a portion of its non-performing loan portfolio which 100% provision is provided and amounting to TL 110,353 to the asset management company at a cost of TL 28,800.

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1.5.10.3 Information on non-performing loans arising from foreign currency loans:

	III. Grup	IV. Grup	V. Grup
Current period:			
Ending balance of the current period(*)	-	1,948	349,653
Provision amount (-)	-	199	290,638
Net Balance at the balance sheet	-	1,749	59,015
Prior period:			
Ending balance of the current period	496,897	1	312,782
Provision amount (-)	452,358	-	253,025
Net balance at the balance sheet	44,539	1	59,757

(*) Customers in Stage III. don't have any foreign currency risks, so there is no balance in the current period.

1.5.10.4 Gross and net amounts of non-performing loans with respect to user groups:

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (Net)	40,867	7,256	313,878
Loans granted to real persons and legal entities (Gross)	502,107	23,471	2,441,723
Specific provision (-)	461,240	16,215	2,127,845
Loans to real persons and legal entities (Net)	40,867	7,256	313,878
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)	47,434	6,020	363,262
Loans to real persons and legal entities (Gross)	514,908	11,192	2,408,491
Specific provision (-)	467,474	5,172	2,045,229
Loans to real persons and legal entities (Net)	47,434	6,020	363,262
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

The Bank has collaterals such as cash, mortgages, pledges, and checks of customer issued for non-performing loans.

1.5.10.5 In terms of financial instrument classes, the aging analysis of past due but not impaired financial assets is as follows:

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1.5.10.6 Information on profit share accruals, rediscunts and valuation differences computed for non-performing loans and their provision:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period (Net)	390	482	40,586
Profit share accruals, rediscunt and valuation differences	4,752	1,549	340,574
Provision (-)	4,362	1,067	299,988

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period (Net)	371	460	51,485
Profit share accruals, rediscunt and valuation differences	4,485	865	319,370
Provision (-)	4,114	405	267,885

1.5.11 Main guidelines for liquidation process of uncollectible loans and other receivables:

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1.5.12 Information on the write-off policy:

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1.6. Information on Other Financial Assets valued at Amortized Cost

1.6.1 Information on Other Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt Securities	2,504,339	5,931,297
Quoted on a Stock Exchange	2,504,339	5,931,297
Not Quoted	-	-
Impairment Provision (-)	1,026	1,094
Total	2,503,313	5,930,203

1.6.2 Movements of Other Financial Assets Measured at Amortized Cost During the Year

	Current Period	Prior Period
Opening Balance	5,931,297	2,630,914
Foreign Exchange Gain/Loss	249,030	1,353,136
Purchases During the Year	-	1,947,247
Disposals Through Sales and Redemptions	(3,675,988)	-
Impairment Provision (-)	1,026	1,094
Total	2,503,313	5,930,203

1.7 Information on investment in associates (Net):

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1.7.1 The 1.49% ownership of the shares of Kredi Garanti Fonu A.Ş. amounting to TL 7,659 (31 December 2020 – TL 7,659), 1.15% ownership of the shares of Islamic International Rating Agency amounting to TL 33 (31 December 2020 – TL 33), Swift shares amounting to TL 390 (31 December 2020 – TL 390) and 0.0035% ownership of the shares traded in Borsa İstanbul A.Ş amounting to TL 15 (31 December 2020 – TL 15), 2.86% ownership of the shares of Ulusal Derecelendirme A.Ş. amounting to TL 2,755 (31 December 2020 – TL 0), are classified as financial assets at fair value through other comprehensive income since the Bank’s ownership in these entities is less than 10% and the Parent Bank does not have a significant influence on these entities.

1.7.2 Information about investments in unconsolidated associates: None (31 December 2020 – None).

1.7.3 Information related to consolidated associates: None (31 December 2020 – None).

1.8 Information on subsidiaries (Net):

1.8.1 Although the Bank has control power over the management and capital of its non-financial subsidiaries, Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Ve Tic. A.Ş and Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş does not confirm to the definition of financial subsidiary in accordance with “Regulation related to the Preparation of Consolidated Financial Statements by Banks” published in the Official Gazette No. 26340 dated 8 November 2006; hence this subsidiary has not been consolidated.

1.8.2 Information on subsidiaries:

	Title	Address (City/Country)	Bank’s share percentage, if different-voting percentage (%)	Bank’s risk group share percentage (%)
1	Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş. (**)	İstanbul/Türkiye	99.99	99.99
2	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	75.00	83.26
3	KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Türkiye	100.00	100.00
4	KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Türkiye	100.00	100.00
5	KT Bank AG (*)	Frankfurt/Almanya	100.00	100.00
6	Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş (**)	İstanbul/Türkiye	100.00	100.00
7	KT Sukuk Company Limited (***)	George Town/Cayman Adaları	100.00	100.00
8	KT Portföy Yönetimi A.Ş.	İstanbul/Türkiye	100.00	100.00
9	Neova Sigorta A.Ş.	İstanbul/Türkiye	100.00	100.00

	Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
1	45,613	42,943	-	-	-	2,706	400	-
2	166,709	121,384	52,493	-	-	1,339	73	-
3	676	661	-	-	-	12	(18)	-
4	7,620,643	345	-	-	-	36	5	-
5	7,132,116	1,364,940	94,030	-	-	(207)	(237,539)	-
6	71,761	61,131	14,502	-	-	9,348	9,887	-
7	2	-	-	-	-	-	-	-
8	27,860	21,364	4,331	-	-	263	4,253	-
9	3,258,530	653,782	25,090	-	-	71,642	25,023	-

(*) As of 31 March 2021, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations of the country in which this entity operates.

(**) These figures are shown per Turkish Commercial Law financial statements as at 31 March 2021.

(***) KT Sukuk Company Limited is established in Cayman Islands on 31 July 2015, for the need of a second subordinated loan at the Bank. According to relevant article of TFRS 10, it is described as a subsidiary.

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Movement regarding the subsidiaries

	Current Period	Prior Period
Balance at the beginning of the year	1,461,015	544,853
Movements during the year	-	916,162
Purchases (*)	-	916,162
Transfers from subsidiaries	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Impairment	-	-
Capital commitment payments	-	-
Balance at the end of the year	1,461,015	1,461,015
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

(*) The capital of KT Bank AG, a subsidiary of the Bank, increased from EUR 115,000,000 (full amount) to EUR 140,000,000 (full amount) on 22 January 2020, increasing by EUR 25,000,000,000.
The Bank has obtained the necessary legal permissions as of 05/05/2020, Neova Sigorta A.Ş. completed the share transfer transactions and concluded the purchase. Neova Sigorta A.Ş., which has purchased 78,864,212 shares by paying 745,860 TL with the purchase transaction, and 7% before sales increased its partnership share to 100% by owning all the shares.

Sectoral information on consolidated subsidiaries and the related carrying amounts:

	Current period	Prior period
Banks	610,120	610,120
Insurance Companies (*)	751,796	751,796
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,419	75,419
Total	1,437,335	1,437,335

(*) The Bank purchased all shares of Neova Sigorta A.Ş. as of 30 June 2020.

Subsidiaries that are quoted on the stock exchange

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	53,418	53,418
Quoted in Foreign Stock Exchange	-	-
Total	53,418	53,418

1.8.3 Information on capital adequacies of major subsidiaries:

The shareholder's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of March 31, 2021 is EUR 108,813,560 (Full amount) and the capital adequacy ratio is %22.4.

1.9 Information on joint ventures (business partnerships) (Net)

	Bank's share percentage	Total assets	Equity	Total fixed assets	Current period profit/loss	Prior period profit /loss
Katılım Emeklilik ve Hayat A.Ş. (*)	50%	4,343,493	129,066	25,766	12,453	8,873

(*) In accordance with decision of the Bank's Board of Directors on 25 April 2013, Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş. decided to establish the Pension Company in line with main shares. Bank decided to establish that pension company with the equal share amounts with Albaraka Türk Katılım Bankası A.Ş. and that pension company is registered with the trade name "Katılım Emeklilik ve Hayat Anonim Şirketi", 895027 registry numbered dated 17 December 2013 by İstanbul Ticaret Sicil Müdürlüğü.

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1.10 Information on finance lease receivables (Net)

1.10.1 Presentation of remaining maturities of net finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	2,771,598	2,227,021	2,249,517	1,783,178
1 to 4 years	3,751,139	3,528,547	2,829,259	2,631,776
More than 4 years	793,946	761,375	622,145	596,042
Total	7,316,683	6,516,943	5,700,921	5,010,996

1.10.2 Net investments in finance leases:

	Current Period	Prior Period
Gross receivable from finance leases	7,316,683	5,700,921
Unearned finance lease income (-)	799,740	689,925
Unearned finance lease income (-)	-	-
Net receivable from finance leases	6,516,943	5,010,996

1.10.3 Information on finance lease contracts:

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations until 60 days, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non-performing finance lease receivables amounting to TL 53,661 are included in the non-performing loans in the balance sheet (31 December 2020 – TL 52,668).

1.11 Information on derivative financial assets for hedging purposes:

None (31 December 2020 – None).

1.12 Information on Tangible Assets:

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1.13 Information on Intangible Assets:

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1.14 Information on investment properties

	Current period	Prior period
Opening Balance	24,987	25,146
Additions	-	-
Disposals (-), Net	-	-
Amortization Cost (-)	39	159
Closing Net Book Value	24,948	24,987

1.15 Information on deferred tax asset

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As of 31 March 2021, deferred tax is offset as TL 1,053,212 in the balance sheet. The deferred tax asset is TL 1,185,574 TL (31 December 2020 – TL 835,083) and the deferred tax liability is TL 132,362 TL (31 December 2020 – TL 86,747 TL)

	Current period	Prior period
Reserve for employee benefits	31,660	47,419
Retirement pay liability	38,763	36,349
Deferred income	76,446	70,882
Impairment provision for subsidiaries, fixed assets and assets held for sale	1,488	1,281
Rediscounts for derivative instruments held for trading	103	243,384
TFRS 9 Provisions	518,008	427,891
Precious metals valuation difference	428,631	-
Carry Forward Financial Loss	-	-
Difference in valuation of securities	74,388	812
Other	16,087	7,065
Deferred tax asset	1,185,574	835,083
Derivative transactions valuation differences	(100,426)	-
Tangible assets valuation differences	(12,525)	(12,724)
Financial assets valuation differences	(16,521)	(46,763)
Precious metal valuation difference	-	(23,908)
Other	(2,890)	(3,352)
Deferred tax liability	(132,362)	(86,747)
Deferred tax asset, (net)	1,053,212	748,336

Table of deferred tax asset movement:

	Current period	Prior period
As of 1 January,	748,336	358,097
Deferred tax (expense)/income	239,810	329,404
Deferred tax accounted under other comprehensive income	65,066	60,835
Deferred tax asset	1,053,212	748,336

1.16 Explanations on assets held for sale and discontinued operations:

	Current period	Prior period
Opening Balance	519,087	473,326
Additions	13,808	172,426
Transfers from Tangible Asset	-	-
Disposals (-), Net	17,379	126,809
Transfer to Tangible Assets	-	-
Amortization Cost (-)	(60)	(144)
Provision For Impairment (-)	-	-
Closing Net Book Value	515,576	519,087

1.17 Information on other assets:

As of balance sheet date, the Bank's other assets amount to TL 3,392,641 (31 December 2020 – TL 9,057,981). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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SECTION FIVE

2. Explanations and notes related to liabilities

2.1 Information on funds collected

2.1.1 Information on maturity structure of funds collected:

Current period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	14,752,371	-	-	-	-	-	-	-	14,752,371
II. Real persons profit sharing accounts TL	-	7,848,997	9,379,466	492,278	-	640,704	783,286	19,892	19,164,623
III. Other current accounts-TL	6,207,175	-	-	-	-	-	-	-	6,207,175
Public sector	241,480	-	-	-	-	-	-	-	241,480
Commercial sector	5,884,658	-	-	-	-	-	-	-	5,884,658
Other institutions	51,904	-	-	-	-	-	-	-	51,904
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	29,133	-	-	-	-	-	-	-	29,133
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	29,008	-	-	-	-	-	-	-	29,008
Participation banks	125	-	-	-	-	-	-	-	125
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	682,718	1,119,601	25,126	-	405,693	89,241	2	2,322,381
Public sector	-	226	829	664	-	17,316	-	-	19,035
Commercial sector	-	582,857	961,892	16,408	-	371,305	88,745	2	2,021,209
Other institutions	-	99,555	156,853	8,054	-	14,314	496	-	279,272
Commercial and other institutions	-	80	7	-	-	2,758	-	-	2,845
Banks and participation banks	-	-	20	-	-	-	-	-	20
V. Real persons current accounts-FC	20,231,816	-	-	-	-	-	-	-	20,231,816
VI. Real persons profit sharing accounts-FC	-	7,457,210	9,648,733	1,057,994	-	1,529,513	1,687,630	3,445	21,384,525
VII. Other current accounts-FC	10,292,366	-	-	-	-	-	-	-	10,292,366
Commercial residents in Turkey	9,550,897	-	-	-	-	-	-	-	9,550,897
Commercial residents in Abroad	446,015	-	-	-	-	-	-	-	446,015
Banks and participation banks	295,454	-	-	-	-	-	-	-	295,454
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	290,055	-	-	-	-	-	-	-	290,055
Participation banks	5,399	-	-	-	-	-	-	-	5,399
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	782,755	1,734,825	53,133	-	38,370	65,911	-	2,674,994
Public sector	-	3	-	-	-	-	-	-	3
Commercial sector	-	705,240	1,487,169	52,514	-	37,592	65,080	-	2,347,595
Other institutions	-	32,523	57,002	606	-	219	831	-	91,181
Commercial and other institutions	-	44,989	190,654	13	-	559	-	-	236,215
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	26,185,808	5,661,477	2,607,655	384,808	-	280,224	10,641	21	35,130,634
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	77,669,536	22,433,157	24,490,280	2,013,339	-	2,894,504	2,636,709	23,360	132,160,885

There are no 7 days notification accounts of the Bank.

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Prior period	Demand	Up to 1 month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	9,214,591	-	-	-	-	-	-	-	9,214,591
II. Real persons profit sharing accounts-TL	-	6,461,888	8,497,859	508,942	-	729,392	956,849	22,604	17,177,534
III. Other current accounts-TL	5,050,036	-	-	-	-	-	-	-	5,050,036
Public sector	194,879	-	-	-	-	-	-	-	194,879
Commercial sector	4,803,662	-	-	-	-	-	-	-	4,803,662
Other institutions	39,576	-	-	-	-	-	-	-	39,576
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	11,919	-	-	-	-	-	-	-	11,919
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	11,616	-	-	-	-	-	-	-	11,616
Participation banks	303	-	-	-	-	-	-	-	303
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	602,957	989,697	42,390	-	312,745	109,333	2	2,057,124
Public sector	-	322	602	645	-	11,465	-	-	13,034
Commercial sector	-	530,069	841,232	33,935	-	287,086	108,842	2	1,801,166
Other institutions	-	72,504	147,843	7,810	-	14,186	491	-	242,834
Commercial and other institutions	-	62	-	-	-	8	-	-	70
Banks and participation banks	-	-	20	-	-	-	-	-	20
V. Real persons current accounts-FC	20,647,968	-	-	-	-	-	-	-	20,647,968
VI. Real persons profit sharing accounts-FC	-	6,978,028	8,755,512	1,054,169	-	1,357,875	1,495,235	4,205	19,645,024
VII. Other current accounts-FC	9,273,571	-	-	-	-	-	-	-	9,273,571
Commercial residents in Turkey	8,823,743	-	-	-	-	-	-	-	8,823,743
Commercial residents in Abroad	292,016	-	-	-	-	-	-	-	292,016
Banks and participation banks	157,812	-	-	-	-	-	-	-	157,812
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	153,153	-	-	-	-	-	-	-	153,153
Participation banks	4,659	-	-	-	-	-	-	-	4,659
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts-FC	-	745,772	1,636,672	35,901	-	31,455	58,728	-	2,508,528
Public sector	-	3	-	-	-	-	-	-	3
Commercial sector	-	670,072	1,404,349	34,838	-	30,766	58,728	-	2,198,753
Other institutions	-	32,466	72,144	1,051	-	191	-	-	105,852
Commercial and other institutions	-	43,231	160,179	12	-	498	-	-	203,920
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	28,025,054	5,342,933	2,559,094	379,540	-	281,184	10,713	90	36,598,608
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	72,211,220	20,131,578	22,438,834	2,020,942	-	2,712,651	2,630,858	26,901	122,172,984

There are no 7 day notification accounts of the Bank.

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2.1.2 Information's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund:

2.1.2.1 Current and Participation Accounts Attributable to Real Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund:

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	Prior period	Current period	Prior period
Real persons current and profit-sharing accounts that are not subject to commercial activities				
TL accounts	19,977,220	15,907,330	13,941,293	10,483,445
FC accounts	31,110,892	33,522,314	43,162,597	40,073,387
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real persons and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 150,000 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411 which issued in official gazette no. 25893 on 1 November 2005.

2.1.2.2 If the headquarters of the Bank is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained:

The headquarters of the Bank is in Turkey.

2.1.2.3 Current and Profit Share Accounts of the real persons who are not in the scope of Saving Deposits Insurance Fund:

The Bank has no current or profit-sharing accounts which are not under the guarantee of the Saving Deposit Insurance Fund except for the current and profit sharing accounts of shareholders, member of Board of Directors, CEO, the Vice Presidents and their first degree relatives.

	Current Period	Prior Period
Foreign branches' profit-sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit-sharing accounts of their mother, father, spouse and children in care	9,846	11,651
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

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2.2 Information on derivative financial liabilities held for trading:

Derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	30,490	4,425	23,081	2,927
Swap transactions	9,345	619,816	1,367,405	283,393
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	39,835	624,241	1,390,486	286,320

2.3. Information on funds borrowed:

2.3.1 Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from The Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks and Institutions	3,504,538	4,249,059	2,823,017	3,773,050
From Foreign Banks, Institutions and Funds	-	4,497,060	45,929	4,946,896
Total	3,504,538	8,746,119	2,868,946	8,719,946

2.3.2 Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	3,488,110	7,480,520	2,868,946	7,605,732
Medium and Long-Term	16,428	1,265,599	-	1,114,214
Total	3,504,538	8,746,119	2,868,946	8,719,946

2.3.3 Explanations related to the concentrations of the Bank's major liabilities:

Most of the bank's loans consist of foreign currency loans. There is no risk concentration of the Bank's current and profit-sharing accounts.

2.4 Information on other liabilities and miscellaneous payables:

As of 31 March 2021, other liabilities amount to TL 1,228,953 (31 December 2020 – TL 1,034,437), sundry creditors amount to TL 1,482,677 (31 December 2020 - TL 783,731), both of them do not exceed 10% of the balance sheet total.

2.5 Information on finance lease payables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	11,906	11,261	147,042	134,673
1 to 4 years	43,151	36,609	253,354	163,081
More than 4 years	471,568	296,755	127,183	46,271
Total	526,625	344,625	527,579	344,025

Bank used FTP (Fund Transfer Pricing) rates as an alternative borrowing rate of profit at 1 January 2019. Relevant ratios are revised and revised in 2-week periods after 1 January 2019. The change in Participation Bank payments uses an unmodified discount rate unless the variable profit share rate is related. If the change in the lease payments results from variable profit share rates (LIBOR, EURIBOR), the lessee will use a revised discount rate reflecting changes in the profit share rate.

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2.5.1. Explanations on contract changes and the new obligations these changes bring to the Bank:

None (31 December 2020 – None).

2.5.1.1. Explanations on financial leasing obligations:

None (31 December 2020 – None).

2.5.1.2. Explanations on operating lease:

Leasing is classified as an operating lease in which the lessor holds all the risks and benefits of that asset. Such transactions include lease agreements belonging to branches, which can be cancelled with prior notice.

There are no significant obligations imposed by the changes in the contract related to the operating lease to the Bank.

The bank registers its lease payments based on operating lease agreements with equal amounts of expenses during the lease term.

2.6 Information on hedging derivative financial liabilities:

None (31 December 2020 – None).

2.7 Information on provisions:

2.7.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 31 March 2021, there is no effect of decrease in exchange rates on foreign currency indexed loans (31 December 2020 – TL 3) and TL 34 for leasing receivables (31 December 2020 – TL 87) is offset against loans and receivables.

2.7.2 Information on other provisions:

	Current Period	Prior Period
Non-Cash Loans That Are Not Converted into Cash	448,918	440,411
General Provisions for non-cash loans	156,788	165,538
Provision for profits will be allocated to participation accounts	345,846	447,552
Credit cards of banking services applications	3,471	3,237
Other (*)	126,647	95,221
Total	1,081,670	1,151,959

(*) The other part of the main period amounting to TL 56,110 (December 31, 2020 - TL 35,525) is TL 16 (31 December 2020 - TL 100) for the expense of TL 70,521 (31 December 2020 - TL 59,596) is the amount for impairment loss.

2.7.3 Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 193,818 (31 December 2020 – TL 181,746), vacation pay liability amounting to TL 33,910 (31 December 2020 – TL 764), performance premium amounting to TL 24,747 (31 December 2020 – TL 135,803), retirement bonuses on payment of TL 82,989 (31 December 2020 – TL 86,659), committee fee amounting to TL 16,377 (31 December 2020 – TL 13,627) and other fees amounting to TL 275 (31 December 2020 – TL 243).

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

The amount payable consists of one month's salary limited to a maximum of TL 7,638.96 (full amount) (31 December 2020 – TL 6,73015 (full amount)) for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

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	Current Period	Prior Period
Discount rate (%)	12.80	12.10
Inflation rate (%)	10.10	8.00
Salary increase rate (%)	16.00	25.00

Movements in the reserve for employment termination benefits during period are as follows:

	Current Period	Prior Period
Balance at the beginning of the period	181,746	115,461
Provisions recognized during the period	17,311	30,769
Paid during the period	(5,239)	(4,704)
Actuarial loss	-	40,220
Balances at the end of the period	193,818	181,746

2.8 Explanations on tax liability:

2.8.1 Explanations on current tax liability:

2.8.1.1 Information on tax provisions: 356,229 (31 December 2020 - TL 348,052)

2.8.1.2 Information on taxes payable:

	Current Period	Prior Period
Taxation of marketable securities	34,283	26,382
Taxation of immovable property	1,084	969
Banking Insurance Transaction Tax (BITT)	32,152	30,458
Foreign Exchange Transaction Tax	25,868	23,676
Value Added Tax Payable	2,028	2,792
Income tax deducted from wages	14,188	15,010
Other	2,071	1,679
Total	111,674	100,966

2.8.1.3 Information on premiums (*):

	Current Period	Prior Period
Social Security Premiums-Employee	10,758	8,626
Social Security Premiums-Employer	11,599	9,270
Unemployment insurance-Employee	769	617
Unemployment insurance-Employer	1,684	1,484
Other	-	-
Total	24,810	19,997

(*) Included in sundry creditors line item on the balance sheet.

2.8.1.4 Information on deferred tax liability:

None (31 December 2020 - None).

2.9 Information on payables related to assets held for sale:

None (31 December 2020 – None).

2.10 Information on subordinated loans:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

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2.11 Information on shareholders' equity:

2.11.1 Presentation of paid-in capital:

	Current Period		Prior Period	
	TL	FC	TL	FC
Common shares	4,600,000	-	4,600,000	-
Preference shares	-	-	-	-
Repurchased shares amount (*)	(4,869)	-	(4,869)	-
Total	4,595,131	-	4,595,131	-

(*) It represents the Bank's acquisition of its own shares as a result of the Bank's shareholders not using their right of preference according to the commitment made in the capital increase in the Bank.

2.11.2 Amount of Paid-in Capital, Disclosure on whether the Bank Applies the Registered Share Capital System, and, if so, the Ceiling Amount of the Registered Share Capital: Registered capital system is not applied in the Bank.

2.11.3 Information on the share capital increases during the period and their sources; other information on increased capital shares in the current period:

None

2.11.4 Information on share capital increases from capital reserves during the current period:

None

2.11.5 Possible effect of estimations made for the Bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties:

Based on the evaluation made considering the Bank's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

2.11.6 Summary of privileges given to shares representing the capital:

None. (31 December 2020- None)

2.11.7 Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	(295,597)	48,923	(81,130)	94,206
Foreign Exchange Difference	-	-	-	-
Total	(295,597)	48,923	(81,130)	94,206

(*) Valuation difference is calculated taking the tax effect of the rent certifications in the account, which are classified as "Government Debt Securities" and "Other Marketable Securities" under financial assets at fair value through other comprehensive income in the balance sheet.

2.12 Information on minority shares:

None (31 December 2020 – None).

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3. Explanations and notes related to off-balance sheet contingencies and commitments

3.1. Explanations on off-balance sheet accounts:

3.1.1 Types and amounts of irrevocable commitments: Commitment for credit card limits, as of 31 March 2021 amounts to TL 3,964,583 (31 December 2020 – TL 3,503,366); payment commitments for cheque books amounts to TL 1,730,539 (31 December 2020 – TL 1,372,786).

3.1.2 Types and amounts of probable losses and obligations arising from off-balance sheet items including below items:

3.1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

As of 31 March 2021, the Bank has guarantees and surety ships constituting of TL 9,655,222 (31 December 2020 – TL 9,590,794) of letters of guarantee; TL 48,614 (31 December 2020 – TL 40,996) of acceptances and TL 2,505,971 (31 December 2020 – TL 1,685,022) of letters of credit. Also, banks has other acceptances amounting to TL 582,663 (31 December 2020 – TL 546,682).

3.1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies:

There are no other than those explained in 2.i.).

3.1.3 Total amount of non-cash loans:

	Current period	Prior period
Non-cash loans given against cash loans	44,652	33,229
With original maturity of 1 year or less	44,652	33,229
With original maturity of more than 1 year	-	-
Other non-cash loans	12,747,818	11,830,265
Total	12,792,470	11,863,494

3.1.4 Information on sector-based risk concentration in non-cash loans:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

3.1.5 Information on non-cash loans classified in Stage I and II:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

3.2 Information on derivative transactions:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

3.3 Information on credit derivatives and their risks:

None.

3.4 Information on contingent liabilities and assets:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

3.5 Information on services provided to other names and accounts:

None.

3.6 Summary information about the rating of the bank to international rating agencies

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

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4. Explanations and notes related to the statement of income

4.1 Information on profit share income:

4.1.1 Information on profit share received from loans:

	Current period		Prior period	
	TL	FC	TL	FC
Profit share on loans	1,528,482	268,028	1,222,660	221,403
Short term loans	402,977	35,252	240,908	21,085
Medium and long-term loans	1,084,258	227,977	965,054	199,710
Profit share on non-performing loans	41,247	4,799	16,698	608
Premiums received from resource utilization support fund	-	-	-	-
Total	1,528,482	268,028	1,222,660	221,403

4.1.2 Information on profit share received from banks:

	Current period		Prior period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	4,293	15,176	16,224	23,060
Branches and head office abroad	-	-	-	150
Total	4,293	15,176	16,224	23,210

4.1.3 Information on profit share income from securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit or Loss	26,841	41,261	4,861	25,789
Financial Assets at Fair Value Through Other Comprehensive Income	683,927	95,309	105,386	105,827
Financial Assets valued at Amortized Cost	-	19,426	-	28,972
Total	710,768	155,996	110,247	160,588

4.1.4 Information on profit share income received from associates and subsidiaries:

	Current Period	Prior Period
Profit share income received from associates and subsidiaries	326	234

4.2 Information on profit share expenses:

	Current period		Prior period	
	TL	FC	TL	FC
Banks	6,778	31,762	4,905	1,766
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	5,106	558	4,905	1,681
Foreign banks	1,672	31,204	-	85
Branches and head office abroad	-	-	-	-
Other Institutions	112,422	124,544	21,200	135,483
Total	119,200	156,306	26,105	137,249

4.2.1 Profit share expense given to associates and subsidiaries:

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	83,157	586,767

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4.2.2 Profit share expense paid to securities issued:

None (1 January – 31 December 2020: None).

4.3 Information on dividend income:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

4.4 Distribution of profit share on funds based on maturity of funds:

Current period		Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year			
TL									
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing Account	199,756	265,230	14,909	-	19,027	23,893	454	523,269	
Public-sector profit-sharing account	10	24	21	-	30	-	-	85	
Commercial sector profit sharing account	15,754	25,555	648	-	440	314	-	42,711	
Other institutions profit sharing account	2,684	4,975	247	-	275	13	-	8,194	
Total	218,204	295,784	15,825	-	19,772	24,220	454	574,259	
FC									
Banks	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	13,294	16,797	1,841	-	3,107	3,857	7	38,903	
Public-sector profit-sharing account	-	-	-	-	-	-	-	-	
Commercial sector profit sharing account	1,086	2,621	60	-	53	18	-	3,838	
Other institutions profit sharing account	118	339	1	-	2	-	-	460	
Precious metal accounts	1,818	850	121	-	85	-	-	2,874	
Total	16,316	20,607	2,023	-	3,247	3,875	7	46,075	
Grand Total	234,520	316,391	17,848	-	23,019	28,095	461	620,334	
Prior period		Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year			
TL									
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	139,912	227,116	15,358	-	15,448	22,892	387	421,113	
Public sector profit-sharing account	6	1	14	-	2	-	-	23	
Commercial sector profit sharing account	11,153	25,868	1,860	-	234	358	-	39,473	
Other institutions profit sharing account	946	2,766	397	-	99	40	-	4,248	
Total	152,017	255,751	17,629	-	15,783	23,290	387	464,857	
FC									
Banks	-	269	12	-	-	-	-	281	
Real person's non-trading profit sharing account	12,694	22,829	3,576	-	3,103	4,732	16	46,950	
Public sector profit-sharing account.	-	-	-	-	-	-	-	-	
Commercial sector profit sharing account	1,103	4,406	185	-	195	32	-	5,921	
Other institutions profit sharing account	129	479	67	-	37	-	-	712	
Precious metal accounts	2,810	2,256	288	-	223	-	-	5,577	
Total	16,736	30,239	4,128	-	3,558	4,764	16	59,441	
Grand Total	168,753	285,990	21,757	-	19,341	28,054	403	524,298	

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4.5 Information on trading income/loss (Net):

	Current period	Prior period
Trading Income/Loss	47,378	551,891
Income	25,156,611	10,174,539
Gain on capital market transactions	29,915	27,339
Gain on derivative financial instruments	4,655,888	1,686,081
Foreign exchange profit	20,470,808	8,461,119
Losses (-)	(25,109,233)	(9,622,648)
Losses on capital market transactions	(471)	(3,669)
Losses on derivative financial instruments	(3,384,125)	(1,681,913)
Foreign exchange losses	(21,724,637)	(7,937,066)

4.6 Information on other operating income:

The details of other operating income are presented below. There are no unusual items in the other operating income which materially affect the income of the Bank.

	Current Period	Prior Period
Reversal of prior period provisions	427,611	210,849
Income from sale of assets	8,808	7,805
Income from the real estate sales' gains by rent certificates	-	-
Rental income	2,950	784
Other Income	8,666	1,886
Total	448,035	221,324

4.7 Provisions for loan losses and other receivables of the Bank:

	Current Period (*)	Prior Period(*)
Expected Credit Loss	1,049,609	836,476
12 month expected credit loss (Stage 1)	155,807	340,101
Significant increase in credit risk (Stage 2)	620,442	148,609
Non-performing loans (Stage 3)	273,360	347,766
Marketable Securities Impairment Expense	20,439	26,286
Financial Assets at Fair Value through Profit or Loss	20,439	26,286
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment losses from Associates, Subsidiaries and Jointly Controlled Entities	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	29,820	126,222
Total	1,099,868	988,984

(*) Includes the provisions in the "Other Provision Expenses" line in the Income Statement.

(**) Includes free provisions that can be allocated from profit to be distributed to participation accounts according to provisions regulation.

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4.8 Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	12,072	7,431
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	57,145	49,302
Impairment Expenses of intangible fixed assets	-	-
Depreciation expenses of intangible assets	10,995	7,483
Depreciation expenses of assets held for sale	-	-
Other operating expenses	88,440	91,879
Lease Expenses Regarding TFRS 16 Exemptions	205	1,033
Maintenance expenses	17,869	14,241
Advertisement expenses	1,257	11,937
Communication expenses	18,623	14,968
Heating, electricity and water expenses	6,853	8,113
Cleaning expenses	2,235	1,826
Vehicle expenses	2,516	2,385
Stationery expenses	2,659	2,757
Other expenses	36,223	34,619
Losses on sales of assets	14	81
Deposit insurance fund expenses	102,190	69,539
Other	57,463	51,813
Total	328,319	277,528

4.9 Information on profit/loss from continued and discontinued operations before taxes:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

4.10 Information on tax provision for continued and discontinued operations:

Current period tax provision for the period amounting to TL 355,659 (1 January-31 March 2020 - TL 105,129), deferred tax income of TL 20,366 (1 January-31 March 2020 - TL 134,484) and TL 260,176 (1 January-31 March 2020 - TL 150,622) deferred tax expense is recognized.

4.11 Information on net income/loss from continued and discontinued operations:

There is no profit/loss arising from discontinued operations within the operating profit/loss after tax.

4.12 Information on net income/loss:

4.12.1 The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period:

As of 31 March 2021, net profit share income is TL 1,753,051 (1 January-31 March 2020 – TL 1,134,435), net fees and commission income is TL 124,234 (1 January-31 March 2020 – TL 84,205).

4.12.2 Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods:

None (1 January – 31 March 2020 – None).

4.12.3 Profit/Loss attributable to minority interest:

None (31 March 2020 – None).

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4.13 Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement:

As of 31 March 2021, other fees and commissions received is TL 190,413 (1 January – 31 March 2020 – TL 158,498), TL 54,097 of this amount is related with credit card fees and commissions (1 January – 31 March 2020 – TL 35,684) and TL 41,514 of this amount is related with POS machine commissions (1 January – 31 March 2020 – TL 31,545).

As of 31 March 2021, other fees and commissions given is TL 100,016 (1 January – 31 March 2020 – TL 110,167), TL 42,283 (1 January – 31 March 2020 – TL 26,823) of this amount is related with POS clearing commissions and installation expenses, TL 12,780 (1 January – 31 March 2020 – TL 7,533) of this amount is related with fees and commissions paid for credit cards.

5. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

6. Explanations and Disclosures Related to Statement of Cash Flows

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

7. Explanations and notes related to risk group of the Bank:

7.1 The volume of transactions related to the risk group of the Bank, the loans and funds collected which have not been completed at the end of the period and the income and expenses related to the period:

Current period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	185,615	21,015	4,695	6,709	54,992	6,632
Balance at end of period	208,391	31,840	4,524	10,810	78,215	263
Profit share and commission income	142	184	110	66	1,185	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

Prior period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	178,601	18,527	1,868	7,206	780,512	723
Balance at end of period	185,615	21,015	4,695	6,709	54,992	6,632
Profit share and commission income	275	195	258	85	5,263	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

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7.2 Information on current and profit sharing accounts of the Bank's risk group:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Current period	Current period	Current Period	Current period	Current period
Current and profit sharing accounts						
Balance at beginning of period	63,485	181,714	58,677	151,321	203,570	390,698
Balance at end of period	67,411	63,485	75,983	58,677	204,843	203,570
Profit share expense	472	1,034	288	382	67	4,220

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

7.3 Forward and option agreements and other similar agreements with the risk group of the Bank:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Current period	Current period	Current Period	Current period	Current period
Transactions at Fair Value through Profit or Loss						
Balance at beginning of period	240,454	75,460	716,065	607,498	-	-
Balance at end of period	1,170,308	240,454	1,388,734	716,065	-	-
Total Profit / Loss	115,357	(333)	(9,318)	(13,619)	-	-
Hedging Transactions						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(*) It is defined in the 2nd paragraph of the 49th article of the Banking Law No.5411.

7.4 Information on loans received from the Bank's risk group:

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Borrowings						
Balance at beginning of period	11,474,110	8,324,759	1,481,347	68,696	-	-
Balance at end of period	10,218,776	11,474,110	166,637	1,481,347	-	-
Profit share expense	82,685	139,344	353	-	-	-

(*) It is defined in the 2nd paragraph of the 49th article of the Banking Law No.5411.

7.5 Information on remunerations provided to top management:

As of 1 January – 31 March 2021, the Bank has paid TL 58,855 to top management (1 January – 31 March 2020 TL 47,023).

8. Information about the branches of the bank in domestic, foreign and coastal banking regions and their representative offices abroad

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

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9. Significant events and matters arising subsequent to balance sheet date

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 100,000 on 2 April 2021 and a maturity of 84 days with a cost of 18.74%

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 130,000 on 7 April 2021 and a maturity of 56 days with a cost of 18.00%

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 200,000 on 14 April 2021 and a maturity of 93 days with a cost of 18.74%

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 600,000 on 21 April 2021 and a maturity of 98 days with a cost of 18.10%

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 300,000 on 21 April 2021 and a maturity of 72 days with a cost of 18.74%

In accordance with the law on the method of collection of public receivables and amendments in some laws, published in the Official Gazette No. 31462 dated April 22, 2021, the corporate tax rate for the corporate earnings of the 2021 taxation period is 25%, It has been decided to apply the corporate tax rate for the earnings as 23% for 2022.

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SECTION SIX

OTHER EXPLANATIONS

- 1. Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet:** None.

SECTION SEVEN

LIMITED REVIEW REPORT

- 1. Explanations on the limited review report:**

The unconsolidated financial statements have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated 11 May 2021 is presented preceding the financial statements.

- 2. Notes and disclosures prepared by the independent auditor:** None.

SECTION EIGHT

INTERIM ACTIVITY REPORT

- 1. Explanations on interim annual report including the evaluations of interim activities of the Chairman of the Board of Directors and General Manager**

1.1 About Kuveyt Türk

Kuveyt Türk Katılım Bankası A.Ş. ("The Bank") was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

As of 31 March 2021, 62.24% of the Bank's shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

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1.2 Financial Informations Summary:

UNCONSOLIDATED BALANCE SHEET	31.03.2021	31.12.2020
CASH BALANCES AND CENTRAL BANK	31,580,950	24,647,910
BANKS	4,392,087	5,809,467
SECURITIES	35,595,849	34,565,817
LOANS AND RECEIVABLES	82,696,839	74,043,052
FINANCE LEASE RECEIVABLES (Net)	6,516,943	5,010,996
EXPECTED LOSS PROVISIONS (-)	6,183,077	5,432,653
TANGIBLE ASSETS (Net)	1,186,332	1,162,804
OTHER ASSETS	7,833,817	12,482,922
TOTAL ASSETS	163,619,740	152,290,315
FUND COLLECTED	132,160,885	122,172,984
FUNDS BORROWED	12,250,657	11,588,892
MARKETABLE SECURITIES ISSUED	-	-
FINANCE LEASE PAYABLES	344,625	344,025
SUBORDINATED LOANS	2,108,658	4,590,265
OTHER LIABILITIES	8,570,326	5,599,052
EQUITY	8,184,589	7,995,097
TOTAL LIABILITIES	163,619,740	152,290,315
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS	31.03.2021	31.03.2020
PROFIT SHARE INCOME	2,824,356	1,841,555
PROFIT SHARE EXPENSE	1,071,305	707,120
NET PROFIT SHARE INCOME/EXPENSE	1,753,051	1,134,435
NET FEES AND COMMISSION INCOME/EXPENSE	124,234	84,205
PERSONNEL EXPENSES	370,171	327,946
DIVIDEND INCOME	756	-
NET TRADING INCOME / LOSS	47,378	551,891
OTHER OPERATING INCOME	448,035	221,324
EXPECTED LOSS PROVISIONS (-)	1,049,609	836,476
OTHER PROVISION EXPENSES (-)	50,259	152,508
OTHER OPERATING EXPENSES (-)	328,319	270,097
INCOME/ LOSS BEFORE TAX	575,096	404,828
TAX CHARGE	(115,849)	(88,991)
CURRENT PERIOD INCOME/LOSSES	459,247	315,837
RATIOS	31.03.2021	31.12.2020
Total Loans/Total Assets*	54.53%	51.91%
Total Loans/Fund Collected*	67.50%	64.71%
Average Equity Profit **	22.71%	18.90%
Average Assets Profit **	1.16%	1.09%
Capital Adequacy Ratio	15.32%	21.26%

* Finance Lease Receivables is included in total loans.

**Related ratios calculated by included in interim periods' profit amounts to year-end balances.

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1.3 Message from the Chairman

Dear shareholders,

Following 2020, when the main agenda item of the country's economies was shaped as a result of the developments related to the coronavirus epidemic, the first quarter of 2021 was a period in which there was an increase in vaccination activities and an expansion in the current economic stimulus packages. The flexibility shown in the fiscal policy and the measures implemented by the governments to prevent the spread have limited the negative effects of the epidemic on the economy. With the acceleration of the vaccination process, a significant recovery in global economic activity is expected.

In its World Economic Outlook Report, the International Monetary Fund (IMF) stated that, thanks to strong policy interventions, the recession caused by the epidemic is expected to leave smaller marks than the 2008 global financial crisis. In the report, which recorded that the world economy contracted by 3.3 percent in 2020, it was stated that the global economic growth forecast was revised from 5.5 percent to 6 percent for 2021 and from 4.2 percent to 4.4 percent for 2022.

Financial markets achieved a relatively balanced outlook in the first quarter of 2021, when uncertainties regarding the global macroeconomic recovery decreased with the contribution of vaccination activities. As a matter of fact, the growth of the US economy at the level of 6.4% in the first quarter of the year supported the positive outlook in financial markets.

On the other hand, the improvement in the 2021 outlook of developed countries and the current level of commodity prices have an impact on the global inflation outlook.

Keeping the monetary policy rate constant in the 0-0.25 percent band at its April meeting, the FED underlined that the impact of the epidemic on the economy continues and the risks regarding the economic outlook continue. However, it has been reported that interest rates will be kept at current levels and asset purchases will continue accordingly until significant progress is achieved in the targets of maximum employment and price stability.

The European Central Bank, on the other hand, did not change the current monetary policy in its meeting held in April and announced that the policy rate was kept constant at zero percent, the deposit rate at minus 0.50 percent and the marginal funding rate at 0.25 percent. The European Central Bank stated that, like the FED, net asset purchases will continue at least until March 2022.

At its meeting held in May, the CBRT, which left the policy rate unchanged at 19 percent, emphasized that the global economy, which contracted sharply in 2020 due to the epidemic, continued to recover with the effect of supportive policies and positive developments in the vaccination process. While underlining the increase in commodity prices during the said recovery process, he stated that the effects of rising global inflation expectations on international financial markets remained important.

With the support of solid real sector dynamics and strong banking sector, the Turkish economy, which grew by 1.8 percent in 2020, is expected to show a positive differentiation among developing countries in 2021.

The banking sector, which plays an active role in the process of combating the epidemic, continues to contribute to the real economy within the scope of balancing and normalizing financial activities.

As the leading actor of the participation finance sector in Turkey, Kuveyt Türk continues to increase its contribution to sustainable growth in the economy.

Kuveyt Türk continues to support the real sector in 2020 this year as well. It aims to close the year 2021 with a growth of over 20 percent in the financing provided. Aiming to focus on products and services for foreign trade customers, especially in order to bring foreign currency resources to the real sector effectively, Kuveyt Türk considers it important to increase sectoral diversity in financing, especially in the agriculture, tourism and energy sectors, in the context of supporting the real economy.

Our expert, educated, young and dynamic employees will be the carrier of our success in the 2021 operating period. I would like to thank our employees who have contributed to our success and our stakeholders for their support.

Regards,

Hamad Abdulmohsen ALMARZOUQ

Head of the BOD

Kuveyt Türk Katılım Bankası

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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

1.4 Message from the General Manager

Dear shareholders,

Following a fluctuating outlook in the macroeconomic outlook and global economic activity as a result of the developments related to the epidemic, the first quarter of 2021 was a period in which the normalization process in the economy accelerated with the acceleration of comprehensive fiscal incentives and vaccination activities. It is expected that the measures taken in the social and economic field in order to limit the increase in the number of cases in the recent period will maintain the sustainability of the gradual normalization.

In the first quarter of 2021, Kuveyt Türk continued its efforts to add value to the savings of its shareholders, with its strong capital structure and dynamic corporate governance approach. Powered by the strong partnership structure established by our main shareholders Kuwait Finance House (KFH) and the General Directorate of Foundations, Kuveyt Türk has continued to accelerate the digital transformation process of the Turkish banking sector with reference applications, as well as creating the milestones of participation finance in Turkey.

Providing interest-free finance services to its customers for 32 years with the products and services developed in line with the principles of participation finance, Kuveyt Türk continued its stable growth by increasing its profitability in the first quarter of 2021 and increased its net profit by 45 percent compared to the same period of the previous year to 459.2 million TL. While Kuveyt Türk's fund size increased by 8 percent compared to the end of 2020, it reached 132.2 billion TL, while the size of funds granted increased by 13 percent to 89.2 billion TL. Kuveyt Türk, which has increased its equities to 8.2 billion TL and its asset size to 163.6 billion TL, strengthened its place in the first place among participation financial institutions in terms of asset size and maintained its 10th place in the banking sector.

During the year 2020, which passed with the epidemic agenda, Kuveyt Türk, which shaped its main focus within the framework of the health of its customers and employees with the measures taken rapidly in line with the recommendations of the relevant authorities, has succeeded in meeting the financial needs of its customers through digital channels with its fast and solution-oriented technological infrastructure.

Aware of the importance of integrating financial processes with a flawless customer experience, Kuveyt Türk continued to increase its digital customer experience investments in the first quarter of 2021. Kuveyt Türk has completed its efforts to offer the more advanced version of the Online Finance system, which it offers to its customers, to the service of all its corporate customers. In the new system, which offers end-to-end cash financing in a digital environment, mobile approval will be used instead of wet signature, and legal customers will be able to make transactions within the fund allocation limits, regardless of time and location.

Kuveyt Türk has completed all the necessary infrastructure works to create an uninterrupted, simple, easy and fast experience for its customers in the new era when banks can open remote accounts via mobile video calls. As of May, those who want to become Kuveyt Türk customers can perform their transactions in minutes with a simple and fluent customer experience from any location they wish, via video calls via Kuveyt Türk Mobile. Putting the convenience of being a customer within a phone distance, Kuveyt Türk aims to be one of the financial institutions that offer the best customer experience in Turkey in the field of being a customer by remote call.

The sixth term program has started at the Guild Entrepreneurship Center, which Kuveyt Türk has established in order to contribute to the production, support and value added of technology-oriented and scalable ideas and to support and develop new ideas and bring them to the country's economy. In the sixth period, in which applications in two categories, General and FinTech, are received, 11 entrepreneur teams selected among nearly 400 applications will be offered six-month training as well as grants and R&D support up to 40 thousand TL.

Offering services to receive payments from all credit and ATM cards via smart phones with CebimPOS, regardless of a bank, Kuveyt Türk has now implemented the process of applying to CebimPOS via mobile branch. Moreover, thanks to the new feature of CebimPOS, card number and expiry date can be obtained practically by scanning cards on NFC-enabled Android phones.

Kuveyt Türk, the pioneer of the sector with the flexible benefits application Sepetim developed for its employees, allows employees to use their budgets in different areas they need or invest in the future with the flexible budget defined for their accounts. Employee satisfaction rate for Cart, which has been implemented for five years, has increased to 87 percent.

Kuveyt Türk's strong capital and liquidity structure, high asset quality, dynamic corporate governance approach, customer service model focused on continuous development, ongoing investments in technology, accelerated digital transformation efforts and

Regards,

Ufuk UYAN

Member of BOD and General Manager

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1.5 Financial Position, Performance and Assessment of the Prospects for the Future

As of 31 March 2021, unconsolidated financial statements asset size is TL 163 million 620 thousand, amount of the utilization of funds is TL 89 million 214 thousand and funds collected amount is TL 132 million 161 thousand. Due to the effect of the first nine months' profit of TL 459 thousand, the ratio of shareholder equity increased 2.37% by reaching TL 8 million 185 thousand. As of 31 March 2021, unconsolidated capital adequacy ratio has been realized as 15.32%.

The expectations for growth and profitability will continue in the development line.

1.6 Announcement regarding important developments within 3 months

Bank, KT Lease Certificates Varlık Kiralama A.Ş. has issued sukuk with a total nominal value of 3,330,000 thousand TL, with a minimum 16.77% and a maximum 18.00% cost in different maturity brackets in twelve separate transactions.

1.7 Assessment of the expectations related to the subsequent interim period

The Bank continues to open new branches after the subsequent interim. The number of branches is planned to reach 440 by the end of 2021.