

Kuveyt Türk Katılım Bankası Anonim Şirketi

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

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

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

REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the consolidated statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. (the “Bank”) and its subsidiaries (collectively referred as the “Group”) at March 31, 2021 and the related consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements do not give a true view of the consolidated financial position of the Group at March 31, 2021, and the results of its operations and its consolidated 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 consolidated financial statements and disclosures.

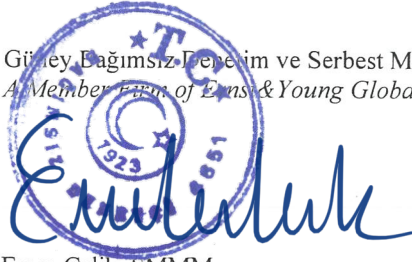
Other Matter

As disclosed footnote 1.5 of section three; the consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows dated 31 March 2021 were restated by taking Neova Sigorta A.Ş. into the scope of consolidation and these restated financial statements are presented comparatively with the financial statements dated 31 March 2020.

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

24 May 2021
İstanbul, Turkey

Index

Section One General information

I.	History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status	1
II.	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	1
III.	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 parent bank	1
IV.	Information on qualified shareholders	2
V.	Explanations of the Parent Bank's services and field of operations	2
VI.	Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Parent Bank and its subsidiaries	2

Section Two The consolidated financial statements

I.	Consolidated balance sheet (Statement of financial position)	3
II.	Consolidated statement of off-balance sheet items	5
III.	Consolidated income statement	6
IV.	Consolidated statement of profit or loss and other comprehensive income	7
V.	Consolidated statement of changes in shareholders' equity	8
VI.	Consolidated statement of cash flows	9

Section Three Accounting principles

I.	Explanations on basis of presentation	10
II.	Explanations on strategy of using financial instruments and foreign currency transactions	15
III.	Investments in associates and subsidiaries	16
IV.	Explanations on forward transactions and option contracts and derivative instruments	17
V.	Explanations on profit share income and expense	17
VI.	Explanations on fees and commission income and expenses	17
VII.	Explanations on financial assets	18
VIII.	Explanations on offsetting of financial assets and liabilities	19
IX.	Explanations on sale and repurchase agreements and lending of securities	19
X.	Explanations on assets held for sale and discontinued operations and related liabilities	20
XI.	Explanations on goodwill and other intangible assets	20
XII.	Explanations on tangible assets	20
XIII.	Explanations on leasing transactions	21
XIV.	Explanations on insurance technical provisions	22
XV.	Explanations on insurance technical income and expenses	23
XVI.	Explanations on provisions and contingent liabilities	23
XVII.	Explanations on liabilities relating to employee benefits	23
XVIII.	Explanations on taxation	24
XIX.	Explanations on additional disclosures on borrowings	25
XX.	Explanations on share certificates issued	25
XXI.	Explanations on acceptances and availed drafts	25
XXII.	Explanations on government grants	25
XXIII.	Explanations on segment reporting	25
XXIV.	Explanations on other matters	25

Section Four Information related to financial position and risk management of the Bank

I.	Explanations on consolidated equity items	26
II.	Explanations on Consolidated Credit Risk	31
III.	Explanations on consolidated currency risk	31
IV.	Explanations on stock position risk	34
V.	Consolidated liquidity risk management and liquidity coverage ratio	35
VI.	Explanations on consolidated leverage ratio	40
VII.	Explanations on fair value of consolidated financial assets and liabilities	41
VIII.	Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions	41
IX.	Explanations on consolidated hedge accounting practices	41
X.	Explanations on consolidated risk management	41
XI.	Securitization positions	42
XII.	Qualitative information to be disclosed with market risk	42
XIII.	Explanations on consolidated business segments	43

Section Five Explanations and notes on the consolidated financial statements

I.	Explanations and notes related to consolidated assets	45
II.	Explanations and notes related to consolidated liabilities	60
III.	Explanations and notes related to consolidated off-balance sheet contingencies and commitments	68
IV.	Explanations and notes related to the consolidated statement of income	69
V.	Explanations and notes related to the consolidated statement of shareholders' equity	74
VI.	Explanations and notes related to consolidated cash flow statement	74
VII.	Explanations and notes related to risk group of the Group	74
VIII.	Information about the branches of the group in domestic, foreign and coastal banking regions and their representative offices abroad	75
IX.	Significant events and matters arising subsequent to balance sheet date	76

Section Six Other Explanations

I.	Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet	77
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Section Seven Independent Limited Review Report

I.	Explanations on the limited review report	77
II.	Notes and disclosures prepared by the independent auditor	77

Section Eight Interim Consolidated Activity Report

I.	Explanations on interim annual report including the evaluations of interim activities of the Chairman of the Board of Directors and General Manager	77
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**THE CONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2021**

Address of the head office : Büyükdere Cad. No: 129/1 34394 Esentepe-Şişli / İSTANBUL
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The consolidated 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 Parent Bank
- Consolidated Financial Statements Of The Parent Bank
- Explanations On Accounting Policies Applied In The Period
- Information on Financial Structure Of the Group Which Is Under Consolidation
- Disclosures and Explanations On Consolidated Financial Statements
- Other Explanations
- Independent Auditors' Limited Review Report
- Consolidated Interim Activity Report

The subsidiaries, associates and jointly-controlled partners which are consolidated within the framework of this financial report are as follows:

	Subsidiaries	Associates	Jointly-Controlled Partners
1.	KT Sukuk Varlık Kiralama A.Ş.		Katılım Emeklilik ve Hayat A.Ş.
2.	KT Kira Sertifikaları Varlık Kiralama A.Ş.		
3.	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.		
4.	KT Bank AG.		
5.	KT Portföy Yönetimi A.Ş.		
6.	KT Sukuk Company Limited		
7.	Neova Sigorta A.Ş.		

The consolidated 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 ZAHARAN
Chairman of the Audit
Committee

Nadir ALPASLAN
Member of the Audit Committee

Ufuk UYAN
General Manager

Ahmet KARACA
Chief Financial Officer

Cemil AKBEBEK
Official and International Reporting
Manager

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

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

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

SECTION ONE

GENERAL INFORMATION

1. History of the Parent 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 31 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.

The Parent Bank and its consolidated financial subsidiaries are named together as “Group”.

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

As of 31 March 2021, 62.24% of the Parent 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 Parent 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	-
Mohamad AL-MİDANİ	Member of BOD and Audit Committee	05/05/2015	15/05/2015		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		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 Parent Bank’s share capital (31 December 2020 – 0.12%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED 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 Parent 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 Parent Bank’s services and field of operations

The Parent Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Parent 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 Group is operating through 444 domestic branches (31 December 2020 – 440) with 6,635 employees (31 December 2020 – 6,522). Summary of some of the Parent 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 Parent 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. Disclosures on the differences between the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the consolidation transactions made in accordance with the Turkish Accounting Standards and the entities subject to full or proportionate consolidation, deducted from equity or not included in these three methods: According to the Communiqué on the Preparation of the Consolidated Financial Statements of Banks, only While financial partnerships are included in the scope of consolidation, all financial and non-financial partnerships should be included in the scope of consolidation in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021

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

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

ASSETS	Notes	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		19,776,531	53,085,214	72,861,745	18,713,223	42,715,415	61,428,638
1.1. Cash and Cash Equivalents		3,088,204	35,253,101	38,341,305	2,258,436	30,222,312	32,480,748
1.1.1. Cash and Balances with Central Bank	(5.1.1.)	2,264,869	29,741,064	32,005,933	1,144,427	23,966,543	25,110,970
1.1.2. Banks	(5.1.3.)	823,728	5,512,946	6,336,674	1,114,456	6,256,097	7,370,553
1.1.3. Money Markets Placements		-	-	-	-	-	-
1.1.4. Expected Credit Loss (-)		393	909	1,302	447	328	775
Financial Assets at Fair Value Through Profit or Loss		449,174	8,303,875	8,753,049	942,789	6,820,410	7,763,199
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		130,081	585,726	715,807	627,138	85,063	712,201
Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4.)	15,357,355	9,360,834	24,718,189	15,383,452	5,339,633	20,723,085
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		8,809	44,003	52,812	8,741	40,405	49,146
1.3.3. Other Financial Assets		56,278	116,995	173,273	75,105	109,196	184,301
1.4. Derivative Financial Assets	(5.1.2.)	881,798	167,404	1,049,202	128,546	333,060	461,606
1.4.1. Derivative Financial Assets at Fair Value Through Profit or Loss		881,798	167,404	1,049,202	128,546	333,060	461,606
1.4.2. Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)	(5.1.5.)	48,451,804	42,066,619	90,518,423	51,153,513	32,863,417	84,016,930
2.1. Loans		50,087,374	36,925,453	87,012,827	52,228,594	25,726,231	77,954,825
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
Financial Assets Measured At Amortized Cost	(5.1.6.)	268,255	2,921,587	3,189,842	268,323	6,231,487	6,499,810
2.3.1. Government Debt Securities		268,255	2,726,572	2,994,827	268,323	6,049,489	6,317,812
2.3.2. Other Financial Assets		-	195,015	195,015	-	181,998	181,998
2.4. Expected Credit Loss (-)		4,412,464	1,788,725	6,201,189	3,703,670	1,745,031	5,448,701
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		-	-	-	-	-	-
INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		91,218	-	91,218	84,991	-	84,991
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.)	23,680	-	23,680	23,680	-	23,680
4.2.1. Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
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.)	67,538	-	67,538	61,311	-	61,311
4.3.1. Joint Ventures Valued Based on Equity Method		67,538	-	67,538	61,311	-	61,311
4.3.2. Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		940,288	15,581	955,869	909,226	14,856	924,082
VI. INTANGIBLE ASSETS (Net)		207,362	79,668	287,030	195,884	77,261	273,145
6.1. Goodwill		-	-	-	-	-	-
6.2. Other		207,362	79,668	287,030	195,884	77,261	273,145
VII. INVESTMENT PROPERTIES (Net)		77,418	-	77,418	77,457	-	77,457
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(5.1.15.)	1,089,592	78,771	1,168,363	761,880	73,642	835,522
X. OTHER ASSETS	(5.1.17.)	1,831,553	2,531,770	4,363,323	1,710,414	8,326,847	10,037,261
TOTAL ASSETS		72,981,342	97,857,623	170,838,965	74,125,675	84,071,438	158,197,113

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021

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

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

LIABILITIES		Notes	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(5.2.1.)	42,424,398	94,900,400	137,324,798	33,478,939	93,215,622	126,694,561
II.	FUNDS BORROWED	(5.2.3.)	127,767	4,438,238	4,566,005	175,272	5,029,049	5,204,321
III.	MONEY MARKETS		3,404,605	-	3,404,605	185,225	-	185,225
IV.	SECURITIES ISSUED (Net)	(5.2.4.)	3,093,099	3,876,110	6,969,209	1,821,975	3,337,298	5,159,273
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES		39,835	624,147	663,982	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	624,147	663,982	1,390,486	286,320	1,676,806
6.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.7.)	-	-	-	-	-	-
VII.	LEASE PAYABLES	(5.2.6.)	351,784	675	352,459	345,320	3,974	349,294
VIII.	PROVISIONS	(5.2.8.)	3,210,004	392,899	3,602,903	3,316,160	406,642	3,722,802
8.1.	Restructuring Provision		-	-	-	-	-	-
8.2.	Reserves For Employee Benefits Insurance For Technical Provision (Net)		362,823	1,240	364,063	436,440	1,014	437,454
8.3.	Other Provisions		2,143,897	-	2,143,897	2,118,814	-	2,118,814
8.4.	Other Provisions		703,284	391,659	1,094,943	760,906	405,628	1,166,534
IX.	CURRENT TAX LIABILITIES	(5.2.9.1.)	412,843	1,791	414,634	388,013	1,857	389,870
X.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.2.10.)	-	-	-	-	-	-
XI.	DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
11.1.	Held For Sale		-	-	-	-	-	-
11.2.	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(5.2.11.)	-	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	(5.2.5.)	1,683,586	1,378,676	3,062,262	1,624,489	569,393	2,193,882
XIV.	SHAREHOLDERS' EQUITY	(5.2.12.)	8,448,634	(79,184)	8,369,450	8,064,461	(33,647)	8,030,814
14.1.	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2.	Capital Reserves		26,399	-	26,399	26,399	-	26,399
14.2.1.	Share Premiums		24,525	-	24,525	24,525	-	24,525
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		(176,971)	40,813	(136,158)	23,115	86,143	109,258
14.5.	Profit Reserves		3,386,703	-	3,386,703	1,996,805	-	1,996,805
14.5.1.	Legal Reserves		381,223	-	381,223	310,296	-	310,296
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		68,630	-	68,630	69,374	-	69,374
14.6.	Profit or Loss		638,284	(119,997)	518,287	1,444,265	(119,790)	1,324,475
14.6.1.	Retained Earnings		43,986	(119,790)	(75,804)	(295,348)	(126,315)	(421,663)
14.6.2.	Net Profit for the Period		594,298	(207)	594,091	1,739,613	6,525	1,746,138
14.7.	Minority Shares	(5.2.13.)	30,346	-	30,346	30,004	-	30,004
	TOTAL LIABILITIES		63,196,555	107,642,410	170,838,965	50,790,340	107,406,773	158,197,113

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

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

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

2. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

			Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
		Notes	TL	FC	Total	TL	FC	Total
A.	COMMITMENTS AND CONTINGENCIES (I+II+III)		74,552,011	69,243,345	143,795,356	86,647,683	77,863,364	164,511,047
I.	GUARANTEES AND WARRANTIES	(5.3.1.)	7,538,760	5,242,775	12,781,535	7,465,311	4,396,022	11,861,333
1.1.	Letters of Guarantee		7,026,019	2,618,268	9,644,287	6,992,772	2,595,861	9,588,633
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		6,439,616	2,549,041	8,988,657	6,374,295	2,493,882	8,868,177
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.)	55,811,878	4,267,180	60,079,058	54,000,887	2,299,498	56,300,385
2.1.	Irrevocable Commitments		7,522,615	4,267,180	11,789,795	6,228,293	2,299,498	8,527,791
2.1.1.	Forward Asset Purchase and Sales Commitments		1,143,582	4,232,650	5,376,232	776,088	2,299,498	3,075,586
	Share Capital Commitment to Associates and Subsidiaries		-	779	779	-	-	-
2.1.2.	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
	Tax and Fund Liabilities From Export Commitments		-	-	-	-	-	-
2.1.7.	Commitments For Credit Card Expenditure Limits		3,964,583	-	3,964,583	3,503,366	-	3,503,366
	Commitments For Credit Cards and Banking Services Promotions		3,471	-	3,471	3,237	-	3,237
2.1.9.	Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.10.	Payables For Short Sale Commitments		-	-	-	-	-	-
2.1.11.	Other Irrevocable Commitments		17,757	33,751	51,508	17,757	-	17,757
2.1.12.	Revocable Commitments		48,289,263	-	48,289,263	47,772,594	-	47,772,594
2.2.	Revocable Loan Granting Commitments		48,289,263	-	48,289,263	47,772,594	-	47,772,594
2.2.1.	Other Revocable Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		11,201,373	59,733,390	70,934,763	25,181,485	71,167,844	96,349,329
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		11,201,373	59,733,390	70,934,763	25,181,485	71,167,844	96,349,329
3.2.1	Forward Foreign Currency Buy/Sell Transactions		899,455	1,672,225	2,571,680	1,083,945	1,651,269	2,735,214
3.2.1.1	Forward Foreign Currency Buy Transactions		525,788	762,642	1,288,430	785,976	604,362	1,390,338
3.2.1.2	Forward Foreign Currency Sell Transactions		373,667	909,583	1,283,250	297,969	1,046,907	1,344,876
3.2.2	Other Forward Buy/Sell Transactions		10,301,918	58,061,165	68,363,083	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)		590,550,146	294,864,215	885,414,361	565,234,750	281,082,263	846,317,013

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED INCOME STATEMENT AS OF 31 MARCH 2021

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

3. CONSOLIDATED INCOME STATEMENT (STATEMENT OF PROFIT AND LOSS)

			Reviewed Current Period	Restated Reviewed Prior Period (*)
			01.01.2021- 31.03.2021	01.01.2020- 31.03.2020
		Notes		
I.	PROFIT SHARE INCOME	(5.4.1.)	2,927,468	1,905,708
1.1.	Profit Share on Loans		1,829,542	1,464,412
1.2.	Profit Share on Reserve Deposits		28,580	782
1.3.	Profit Share on Banks		58,478	61,287
1.4.	Profit Share on Money Market Placements		-	-
1.5.	Profit Share on Marketable Securities Portfolio		896,630	292,619
1.5.1.	Fair Value Through Profit or Loss		69,585	36,500
1.5.2.	Fair Value Through Other Comprehensive Income		779,237	216,608
1.5.3.	Measured at Amortised Cost		47,808	39,511
1.6.	Finance Lease Income		106,802	74,916
1.7.	Other Profit Share Income		7,436	11,692
II.	PROFIT SHARE EXPENSE		1,068,641	705,781
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	625,054	523,627
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	108,243	80,273
2.3.	Profit Share Expense on Money Market Borrowings		163,202	2,800
2.4.	Expense on Securities Issued		159,622	82,387
2.5.	Profit Share Expense on Lease		12,520	16,694
2.6.	Other Profit Share Expense		-	-
III.	NET PROFIT SHARE INCOME (I - II)		1,858,827	1,199,927
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		102,653	60,213
4.1.	Fees And Commissions Received		248,742	211,436
4.1.1.	Non-Cash Loans		33,842	46,809
4.1.2.	Other		214,900	164,627
4.2.	Fees And Commissions Paid		146,089	151,223
4.2.1.	Non-Cash Loans		3,712	2,544
4.2.2.	Other	(5.4.13.)	142,377	148,679
V.	DIVIDEND INCOME	(5.4.3.)	756	-
VI.	NET TRADING INCOME / LOSS	(5.4.5.)	139,698	616,359
6.1.	Capital Market Transaction Gains/Losses		33,038	23,670
6.2.	Gains/Losses From Derivative Financial Instruments		1,165,487	5,054
6.3.	Foreign Exchange Gains/Losses		(1,058,827)	587,635
VII.	OTHER OPERATING INCOME	(5.4.6.)	766,554	508,545
VIII.	GROSS OPERATING INCOME/LOSS(III+IV+V+VI+VII+ VIII)		2,868,488	2,385,044
IX.	EXPECTED LOSS PROVISIONS (-)	(5.4.7.)	1,051,025	837,299
X.	OTHER PROVISIONS (-)		54,635	157,308
XI.	PERSONNEL EXPENSES (-)	(5.4.8.)	412,346	359,524
XII.	OTHER OPERATING EXPENSES (-)	(5.4.8.)	627,755	559,217
XIII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)		722,727	471,696
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES		6,227	4,437
XVI.	CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVII.	INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XVIII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE		-	-
XIX.	TAXES (XII+...+XV)	(5.4.9.)	728,954	476,133
XX.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(5.4.10)	(147,158)	(105,751)
20.1.	Current Tax Provision		(394,906)	(115,474)
20.2.	Deferred Tax Income Effect (+)		35,502	147,819
20.3.	Deferred Tax Expense Effect (-)		283,250	157,542
XXI.	CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED		-	-
XXII.	OPERATIONS (XV±XVI)	(5.4.11.)	581,796	370,382
XXIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
21.1.	Income on Non-Current Assets Held For Sale		-	-
21.2.	Income on Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
21.3.	Income on Other Discontinued Operations		-	-
XXIV.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
22.1.	Expenses From Non-Current Assets Held For Sale		-	-
22.2.	Expenses From Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
22.3.	Expenses From Other Discontinued Operations		-	-
XXV.	PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED		-	-
XXVI.	OPERATIONS (XVII-XIX)		-	-
XXVII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1.	Current Tax Provision		-	-
23.2.	Deferred Tax Expense Effect (+)		-	-
23.3.	Deferred Tax Income Effect (-)		-	-
XXVIII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED		-	-
XXIX.	OPERATIONS (XX±XXI)		-	-
XXX.	NET PROFIT/LOSS (XVII+XXII)	(5.4.12.)	581,796	370,382
25.1.	Group's Income/Loss		594,091	368,326
25.2.	Minority Interest Income/Loss (-)		(12,295)	2,056
	Earnings Per Share Income/Loss		-	-

(*) The effects of the restatement are explained in the note 1.5 of section III

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED 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. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed Current Period 31.03.2021	Restated Reviewed Prior Period 31.03.2020
I.	CURRENT PROFIT (LOSS)	581,796	370,382
II.	OTHER COMPREHENSIVE INCOME	(245,416)	(280,713)
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	(245,416)	(280,713)
2.2.1	Foreign Currency Translation Difference	70,715	59,607
2.2.2	Valuation And/Or Reclassification Income/Expense of the Financial Assets At Fair Value Through Other Comprehensive Income	(325,330)	(395,209)
2.2.3	Cash Flow Hedge Income/Loss	-	414
2.2.4	Foreign Net Investment Hedge Income/Loss	(69,834)	(60,614)
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	79,033	115,089
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	336,380	89,669

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

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

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

5. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	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	Prior Period Profit or (Loss)	Net Profit/Loss for the Period	Total Shareholders' Equity Less Minority Shares	Minority Shares	Total Shareholders' Equity
						1	2	3	4	5	6						
Restated Prior Period (01/01/2020 – 31/03/2020)																	
I. Prior Period Ending Balance		3,995,766	24,525	1,239	-	-	(19,082)	-	225,512	214,695	(185,436)	1,494,059	139,193	1,273,941	7,164,412	28,461	7,192,873
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect Of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		3,995,766	24,525	1,239	-	-	(19,082)	-	225,512	214,695	(185,436)	1,494,059	139,193	1,273,941	7,164,412	28,461	7,192,873
IV. Total Comprehensive Income (Loss)(*)		-	-	-	-	-	-	-	59,607	(304,681)	(35,639)	-	-	368,326	87,613	18	87,631
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Reserves		600,000	-	-	-	-	-	-	-	-	-	(600,000)	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes		(635)	-	635	-	-	-	-	-	-	-	(232)	10,775	(6,534)	4,009	-	4,009
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	1,102,558	157,569	(1,267,407)	(7,280)	-	(7,280)
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	(7,280)	(7,280)	-	(7,280)
11.2 Transfers To Legal Reserves		-	-	-	-	-	-	-	-	-	-	1,102,558	-	(1,102,558)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	157,569	(157,569)	-	-	-
Balances at end of the period (III+IV+.....+X+XI)	(5.2.12.)	4,595,131	24,525	1,874	-	-	(19,082)	-	285,119	(89,986)	(221,075)	1,996,385	307,537	368,326	7,248,754	28,479	7,277,233
Current Period (01/01/2021 – 31/03/2021)																	
I. Prior Period Ending Balance		4,595,131	24,525	1,874	-	-	(51,258)	-	486,343	(1,305)	(375,780)	1,996,805	1,324,475	-	8,000,810	30,004	8,030,814
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect Of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		4,595,131	24,525	1,874	-	-	(51,258)	-	486,343	(1,305)	(375,780)	1,996,805	1,324,475	-	8,000,810	30,004	8,030,814
IV. Total Comprehensive Income (Loss)(*)		-	-	-	-	-	-	-	70,715	(260,264)	(55,867)	-	-	594,091	348,675	335	349,010
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes(**)		-	-	-	-	-	-	-	-	-	-	(1,251)	2	-	(1,249)	7	(1,242)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	1,391,149	(1,400,281)	-	(9,132)	-	(9,132)
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	(9,132)	-	(9,132)	-	(9,132)
11.2 Transfers To Legal Reserves		-	-	-	-	-	-	-	-	-	-	1,391,149	(1,391,149)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+.....+X+XI)	(5.2.12.)	4,595,131	24,525	1,874	-	-	(51,258)	-	557,058	(261,569)	(431,647)	3,386,703	(75,804)	594,091	8,339,104	30,346	8,369,450

(*) Neva Sigorta A.Ş., a subsidiary of the group manages the risk fund formed due to the contributions of the participants separately in accordance with Article 6 of the "regulation on participation insurance and working procedures and principles" published by the Ministry of Treasury and Finance. Accordingly, the profit/(expense) amount of the risk fund, which is due to participant contributions amounting to 12.630 TL for the current period, has been classified under other liabilities in balance sheet. (31 March 2020: TL (2.038)).

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 Translation 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 Reclassified Through Other Profit or Loss)

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

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

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

6. CONSOLIDATED STATEMENT OF CASH FLOWS

			Reviewed Current Period	Restated Reviewed Prior Period
		Notes	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		798,743	73,222
1.1.1	Profit Share Income Received		2,198,471	1,796,649
1.1.2	Profit Share Expense Paid		(1,181,281)	(741,633)
1.1.3	Dividends Received		756	-
1.1.4	Fees And Commissions Received		243,846	211,436
1.1.5	Other Income		313,849	883,496
1.1.6	Collections From Previously Written Off Loans		188,632	138,267
1.1.7	Payments to Personnel And Service Suppliers		(340,351)	(303,780)
1.1.8	Taxes Paid		(185,520)	(79,512)
1.1.9	Others		(439,659)	(1,831,701)
1.2	Changes in Assets And Liabilities From Banking Operations		2,529,887	(989,958)
1.2.1	Net (Increase) Decrease Held For Trading Financial Assets		(498,446)	(1,923,288)
1.2.2	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(1,779,157)	544,987
1.2.3	Net (Increase) Decrease in Due From Banks And Other Financial Institutions		(8,881,187)	(12,644,040)
1.2.4	Net (Increase) Decrease in Loans		5,333,724	(796,637)
1.2.5	Net (Increase) Decrease in Other Assets		858,010	484,557
1.2.6	Net Increase (Decrease) in Bank Deposits		5,249,887	13,316,913
1.2.7	Net Increase (Decrease) in Other Deposits		(94)	(368)
1.2.8	Net Increase (Decrease) in Funds Borrowed		(895,264)	(144,362)
1.2.9	Net Increase (Decrease) in Due Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities		3,142,414	172,280
I.	Net Cash Provided From / (Used in) Banking Operations		3,328,630	(916,736)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided From / (Used in) Investing Activities		92,479	(4,119,157)
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		(32,540)	(25,086)
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)	(2,178,682)
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		(93,596)	(2,049,453)
2.8	Cash Obtained From Sale of Investment Securities		3,403,564	-
2.9	Other		21,553	(5,992)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided From / (Used in) Financing Activities		(73,688)	(165,662)
3.1	Cash Obtained From Funds Borrowed And Securities Issued		5,153,874	1,044,717
3.2	Cash Used for Repayments Funds Borrowed And Securities Issued		(2,693,674)	(1,185,966)
3.3	Equity instruments		(2,450,802)	-
3.4	Dividends Paid		(9,132)	(7,280)
3.5	Payments For Finance Leases		(73,954)	(17,133)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents	(5.5.4)	731,355	1,286,911
V.	Net Increase (Decrease) in Cash And Cash Equivalents		4,078,776	(3,914,644)
VI.	Cash And Cash Equivalents at The Beginning of The Period	(5.5.1)	13,995,430	19,216,292
VII.	Cash And Cash Equivalents at The End of The Period	(5.5.1)	18,074,206	15,301,648

The accompanying notes are an integral part of these financial statements

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

1. Explanations on Basis of Presentation

1.1. The preparation of the consolidated 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 Parent 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 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 consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Group 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 1.6 “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 Group in the current year.

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

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

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

Until 31 December 2004, the consolidated financial statements of the Group 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. TFRS 3 Explanations on Business Combinations Standard:

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Business combinations are accounted in accordance with TFRS 3 "Business Combinations" except for the assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

The interests of non-controlling shareholders in the acquire is initially measured at the non-controlling's proportion of the fair value of the assets, liabilities and contingent liabilities recognized.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

- Explanations regarding the accounting policy applied for the acquisition of Neova Sigorta A.Ş.

Following the necessary legal permissions on May 5, 2020, the Bank finalized the purchase of Neova Sigorta A.Ş. by completing the share transfer process. The Parent Bank purchased 78,864,212 shares by paying TL 745,860 and increased the partnership share in Neova Sigorta A.Ş. from 7% to 100% by owning all the shares.

As per the principle related to "Accounting for business combinations under common control" the Public Oversight Accounting and Auditing Standards Authority issued in the Official Gazette No. 30568 dated 17 October 2018, business combinations under common control shall be accounted through restating previous period's financial statements via the pooling of interest method. In line with the aforementioned Authority decisions, The Group management restated its consolidated income statement, consolidated statement of profit/loss and other comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statement of cash flows as at 31 March 2020 due to the purchase of Neova Sigorta A.S

The effects of the regulations and classifications described above are presented in detail below.

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

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

I) *Effects of regulations and classifications on Consolidated Income Statement as of March 31, 2020:*

		Reported 31/03/2020	Restatement Effects, Including Elimination Effects	Restated 31/03/2020
I.	PROFIT SHARE INCOME	1,868,136	37,572	1,905,708
1.3	Profit Share on Banks	40,104	21,183	61,287
1.5	Profit Share on Marketable Securities Portfolio	276,230	16,389	292,619
1.5.1	Fair Value Through Profit or Loss	30,650	5,850	36,500
1.5.3	Measured at Amortised Cost	28,972	10,539	39,511
II.	PROFIT SHARE EXPENSE (-)	711,351	(5,570)	705,781
2.1	Expense on Profit Sharing Accounts	527,957	(4,330)	523,627
2.4	Expense on Securities Issued	83,653	(1,266)	82,387
2.5	Profit Share Expense on Lease	16,668	26	16,694
III.	NET PROFIT SHARE INCOME (I - II)	1,156,785	43,142	1,199,927
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	92,596	(32,383)	60,213
4.1	Fees And Commissions Received	205,307	6,129	211,436
4.1.2	Other	158,498	6,129	164,627
4.2	Fees And Commissions Paid	112,711	38,512	151,223
4.2.2	Other	110,167	38,512	148,679
VI.	NET TRADING INCOME / LOSS	613,081	3,278	616,359
6.3	Foreign Exchange Gains/Losses	584,357	3,278	587,635
VII.	OTHER OPERATING INCOME	200,745	307,800	508,545
VIII.	GROSS OPERATING INCOME / LOSS (III+IV+V+VI+VII+ VIII)	2,063,207	321,837	2,385,044
X.	OTHER PROVISIONS (-)	152,747	4,561	157,308
XI.	PERSONNEL EXPENSES (-)	345,351	14,173	359,524
XII.	OTHER OPERATING EXPENSES (-)	289,836	269,381	559,217
XIII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)	437,974	33,722	471,696
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)	442,411	33,722	476,133
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(98,903)	(6,848)	(105,751)
18.1	Current Tax Provision	(105,235)	(10,239)	(115,474)
18.3	Deferred Tax Expense Effect (-)	154,151	3,391	157,542
XIX.	CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	343,508	26,874	370,382
XXV.	NET PROFIT/LOSS (XVII+XXII)	343,508	26,874	370,382
25.1	Group's Income/Loss	343,490	24,836	368,326
25.2	Minority Interest Income/Loss (-)	18	2,038	2,056

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

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

1.6. 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 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 (“FVOCI”). 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 Parent 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.

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

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

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 Group 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 as of 31 March 2021. 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 Group 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 Group 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 Group 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, 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 rating of the rating is calculated by using the Parent Bank's rating ratings based on the internal rating of the parent Bank by using the rating of the credit rating. For the loan, the rating calculated on the reporting date exceeds the determined threshold values and is considered as a distortion in the rating.

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.

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

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

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 Parent 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 June 30, 2021. The BRSA extended these opportunities until 30 June 2021 with its decision numbered 9312 on 8 December 2020. The Parent Bank continues to provide provisions for these loan customers in accordance with its risk policies. As of March 31, 2021, the Parent 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.

1.7 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.

1.8 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 Group reflects the existence of a lease obligation and a right of use to the financial statements at the date of initial application. The Group 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 Group. In addition, the Group 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 506,039 in the balance sheet of the Group and lease obligations amounting to gross TL 557,885. In the three-month period that ended as of the same date, financial expenses amounting to TL 12,420 and depreciation expenses amounting to TL 35,731 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 Group.

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

The Group 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 Parent Bank's exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Parent 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 Parent Bank.

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

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

3. Investments in Associates And Subsidiaries

Consolidated and Financial Statements " Turkey Accounting Standard for Consolidated Financial Statements" (TFRS 10) has been prepared in accordance with the provisions.

Titles, locations of the headquarters, main operations and Group's shares relating the consolidated entities are as follows:

Title	Address (City/Country)	Main Operation	31.03.2021	31.12.2020	Consolidation method
KT Bank AG	Frankfurt/Germany	Banking	100.00%	100.00%	Full consolidation
Nevoa Sigorta A.Ş.	İstanbul/Turkey	Financial Instution	100.00%	100.00%	Full consolidation
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Turkey	Financial Instution	100.00%	100.00%	Full consolidation
KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Turkey	Financial Instution	100.00%	100.00%	Full consolidation
KT Portföy Yönetimi A.Ş.	İstanbul/Turkey	Financial Instution	100.00%	100.00%	Full consolidation
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Financial Instution	75.00%	75.00%	Full consolidation
Katılım Emeklilik ve Hayat A.Ş.	İstanbul/Turkey	Financial Instution	50.00%	50.00%	Accounted with equity pick-up

Parent Bank and the subsidiaries, the financial tables of which are consolidated along with the Parent Bank, are collectively referred as "the Group."

Consolidation basis of subsidiaries:

Subsidiaries are entities whose capital and management are directly or indirectly controlled by the Parent Bank. Subsidiaries are consolidated by the full consolidation method, within the framework of significance on the basis of operational outcomes, assets sizes and equity sizes. The financial statements of the relevant subsidiaries are included in the consolidated financial statements as of the date that control is transferred to Parent Bank.

Control denotes any of the following circumstances: the Parent Bank directly or indirectly through subsidiaries has over 50% of the voting rights or, dominance over the voting rights as described afore does not exist but the Parent Bank owns the preferred shares, or; the Parent Bank has voting rights appropriating more than %50 percent of all voting rights due to the agreements signed with other shareholders, or; the Parent Bank has the authority to manage the operational and financial policies of the entity due to certain arrangements or agreements, or; the Parent Bank has the power to influence the majority of the votes within the Board of Directors or any other executive organ vested with similar rights, or; the Parent Bank by any means has the power to appoint or dismiss the majority of the Board of Directors.

In accordance with the full consolidation, all of the assets, liabilities, income, expense and off-balance sheet liabilities of the subsidiaries are consolidated with the assets, liabilities, income, expense and off-balance sheet liabilities of the Parent Bank. The carrying value of the Group's investment in each subsidiary is offset with the cost value of the subsidiary's capital owned by the Group. Balances regarding the transactions between the subsidiaries in the scope of the consolidation and the unrealized gains/losses are reciprocally offset. Minority shares within the net income of the consolidated subsidiaries are determined provided that the net income of the Group shall be calculated, and these minority shares are presented as a separate item in the income statement. Minority shares are presented under the equity in the consolidated balance sheet.

In the case where the accounting policies implemented by the subsidiary are different than the Parent Bank, the accounting policies are reconciled.

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

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

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

The Group enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. Derivative instruments are classified as ‘hedging derivative financial asset’ and ‘derivative financial assets/liabilities at fair value profit or loss’. The Group classifies its derivative instruments as “Derivative Financial Instruments Held for Hedging Purposes” and “Derivative Financial Instruments Held for Trading” in accordance with TAS 39. 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” within the framework of TAS 39, and are reflected in the “Derivative Financial Assets/liabilities at fair value profit or loss” account in the balance sheet. The Group has no derivative financial assets/liabilities for hedging purposes as of balance sheet date.

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 TFRS 9. 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 Group 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 Group 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 calculations for these customers within the scope of TFRS 9 Financial Instruments Standard.

The Group 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 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. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

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.

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

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

7. Explanations on Financial Assets

The Group 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 “IFRS 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".

The Group 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 parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Group 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.

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

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

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.

7.4 Derivative financial assets:

The major derivative instruments utilized by the Group 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 Parent 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 content, initial OMT transaction was performed with CBRT on 14 June 2013 by selling Treasury Rent Certificates that are recognized in the assets of the Bank in return for conditional repurchasing. From this date on, 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 Group has repurchased agreement amounting to TL 3,404,605 (31 December 2020: 185,225).

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

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

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 Group has no discontinued operations.

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 Group 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.

There is no goodwill related to associates and subsidiaries.

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.

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

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

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 Group 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 Group has started implementing the TFRS 16 - Leases standard from 1 January 2019, the first date of the TFRS 16 standard. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments are discounted by using the Group's alternative borrowing profit rate.

The Bank has recognized the right to lease assets equal to the lease obligation by restating the previously paid or accrued lease payments.

The right of the use asset

The Group 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 Group 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.

The Group applies the depreciation liabilities in TAS 16 Tangible Fixed Assets while depreciating the right of use asset.

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

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

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

Lease Obligation

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

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

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

The Group measures the lease obligation by discounting the revised lease payments on a revised discount rate when any of the following conditions occur:

- A change in the rental period.
- The Group determines revised rent payments based on revised lease term.
- The Group determines the revised discount rate for the remaining portion of the lease term as the alternative borrowing interest rate at the date of Bank's revaluation.

14. Explanations on Insurance Technical Provisions:

IFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement".

Within the framework of the current insurance regulation, insurance technical provisions accounted by insurance companies for unearned Premium claims, unexpired risk reserver, outstanding claims and life-mathematical reserves are presented in the consolidated financial statements.

Unearned premium reserve is recognized on accrued premiums without discount or commission which extends to the next period or periods on a daily basis for the current insurance contracts.

In case the expected loss premium ratio is over 95%, the unexpired risk reserves are recognized for the main branches specified by the Undersecretariat of Treasury. For each main branch, the amount found by multiplying the ratio exceeding 95% by the net unearned premium provision, is added to the unearned premium provision of that main branch.

If the outstanding claim reserve is established and confirmed by approximation and if there are unpaid or unidentified compensation amounts in both prior and current Accounting periods; it is separated for estimated yet unreported compensation amounts.

Mathematical reserve is recognized on actuarial bases in order to meet the requirements of policyholders and beneficiaries for life, health and personal accident insurance contracts for a period longer than a year.

On the other hand, actuarial chain ladder method is used to estimate the reserve amount to be set aside in the current period by looking at the data of the past materialized losses. If the reserve amount found as a result of this method exceeds the amount of reserve for the amount of uncertain indemnity, additional reserve must be set aside for the difference.

Reinsurance companies recognize for the outstanding claims that is declared by the companies, accrued and determined on account.

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

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

Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted Insurance premiums ceded to reinsurers on contract that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

Cost which vary and are directly associated with the acquisition of insurance and reinsurance contracts including brokerage, commissions, underwriting expenses and other acquisition costs are deferred and amortized over the period of contract, consistent with the earning of premium.

15. Explanations on Insurance Technical Income and Expenses:

After deducting the shares transferred to reinsurers from the policy revenues of which premium revenues are issued in insurance companies consists of.

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. Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted Insurance premiums ceded to reinsurers on contract that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

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 group is required to make severance pay to each employee who has completed over one year of service with the group 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. Group is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

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

17.2 Defined contribution plans:

The group 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.

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

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

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.

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

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.

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

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

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.

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 Group does not apply hedging techniques on related borrowings.

The Group 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 Group.

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 Group has no disclosures on other matters.

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

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

1. Explanations on Consolidated 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 Group’s total capital has been calculated as TL 10,758,219 (31 December 2020: 12,705,468 TL), capital adequacy ratio is 14.56% (31 December 2020: 19.97%).

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.

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

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

1.1. Information on consolidated equity items

	Current Period 31/03/2021 Amount	Prior Period 31/12/2020 Amount
COMMON EQUITY TIER I CAPITAL		
Paid-In Capital To Be Entitled For Compensation After All Creditors	4,600,000	4,600,000
Share Premium	24,525	24,525
Reserves	3,386,703	1,996,805
Other Comprehensive Income According to TAS	179,934	204,250
Profit	518,287	1,324,475
Current Period Profit	594,091	1,746,138
Prior Period Profit	(75,804)	(421,663)
Minority Shares	-	-
Bonus Shares From Associates, Affiliates And Joint-Ventures Not Accounted In Current Period's Profit	30,346	30,004
Common Equity Tier I Capital Before Deductions	8,739,795	8,180,059
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	274,505	260,421
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	684,546	471,960
Total Common Equity Tier I Capital	8,055,249	7,708,099

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

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

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)	10,133,287	9,559,732
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)	727,322	652,104
Tier II Capital before deductions	727,322	3,244,385
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	727,322	3,244,385
Total Equity (Total Tier I And Tier II Capital)	10,860,609	12,804,117

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

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

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)	10,758,219	12,705,468
Total Risk Weighted Assets	73,906,137	63,613,084
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	10.90	12.12
Tier I Capital Ratio (%)	13.71	15.03
Capital Adequacy Ratio (%)	14.56	19.97
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	6.40	7.62
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)	727,322	652,104
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	727,322	652,104
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	-	-

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

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

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

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

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

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, components 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 of 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 Parent 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 Group 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 on consolidated 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 consolidated currency risk

Foreign currency risk represents the Group'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. "Standard Method" and "Value at Risk Method" used in legal reporting are used to measure the currency risk that the Group is exposed to. Measurements made under the Standard Method are made on a monthly basis, and measurements made under the Value at Risk Method are made on a daily basis.

The Parent 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 Group has a short position amounting to TL 49,300 (31 December 2020 – TL 102,872 long position), consisting of a balance sheet short position amounting to TL 7,884,114 (31 December 2020 – TL 21,796,612 short position) and an off-balance long position amounting to 7,834,814 (31 December 2020 – TL 21,899,484 long position).

The announced current foreign exchange buying rates of the Parent Bank as of 31 March 2021 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

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

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

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent 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

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

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

Consolidated currency risk of the Group:

	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 (***)	11,117,367	12,981,743	5,641,954	29,741,064
Banks(****)	2,374,850	1,660,548	1,476,639	5,512,037
Financial assets at fair value through profit and loss	306,371	943,204	7,054,300	8,303,875
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 (*)	19,478,309	21,349,937	16,481	40,844,727
Subsidiaries, associates and joint ventures	-	-	-	-
Financial assets at amortized cost	283,164	2,638,423	-	2,921,587
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	14,362	1,219	-	15,581
Intangible assets	79,668	-	-	79,668
Other assets (****)	2,565,356	40,624	3,010	2,608,990
Total assets	40,209,216	44,986,763	14,192,384	99,388,363
Liabilities				
Current account and funds collected from Banks via participation accounts	520,146	257,741	258,154	1,036,041
Current and profit sharing accounts FC (***)	18,454,377	39,504,000	35,905,982	93,864,359
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	932,619	5,614,952	-	6,547,571
Marketable securities issued	-	3,876,110	-	3,876,110
Miscellaneous payables	703,198	334,488	29,998	1,067,684
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (****)	269,439	576,055	35,218	880,712
Total liabilities	20,879,779	50,163,346	36,229,352	107,272,477
Net balance sheet position	19,329,437	(5,176,583)	(22,036,968)	(7,884,114)
Net off-balance sheet position	(20,042,913)	5,843,287	22,034,440	7,834,814
Financial derivative assets	(621,082)	13,036,607	23,484,902	35,900,427
Financial derivative liabilities	19,421,831	7,193,320	1,450,462	28,065,613
Non-cash loans (**)	2,122,522	2,859,191	261,064	5,242,777
Prior period				
Total assets	37,591,207	31,661,053	16,225,780	85,478,040
Total liabilities	18,020,699	51,448,283	37,805,670	107,274,652
Net balance sheet position	19,570,508	(19,787,230)	(21,579,890)	(21,796,612)
Net off-balance sheet position	(19,869,202)	20,187,707	21,580,979	21,899,484
Financial derivative assets	730,800	25,033,494	21,919,119	47,683,413
Financial derivative liabilities	20,600,002	4,845,787	338,140	25,783,929
Non-cash loans (**)	1,840,536	2,349,832	205,654	4,396,022

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

(**) 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 333,060)
- Prepaid expenses: TL 1,551 (31 December 2020 – 693 TL)
- Derivative financial liabilities held for trading: TL 624,147 (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 – None)

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

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

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

- Forward foreign currency purchase transactions TL 1,778,487 (31 December 2020 – TL 1,121,892)
- Forward foreign currency sale transactions: TL 2,454,163 (31 December 2020 – TL 1,177,606)
- 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 group is largely exposed to exchange rate risk in Euros, US dollars and Gold.

The following table shows the group'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%	66,670	40,048	66,670	40,048
EUR	10%	(71,348)	(29,869)	(71,348)	(29,869)
GOLD	10%	9,481	11,870	9,481	11,870

4. Explanations on stock position risk arising from banking accounts

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 Group'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 Equity Securities (shares) investments	Carrying Value	Comparison	
			Fair Value	Market Value
1	Securities at Fair Value Through Other Comprehensive Income	52,812	-	52,812
	Quoted Securities	-	-	-
2	Investments in Associates	-	-	-
	Quoted Securities	-	-	-
3	Investment in Subsidiaries	23,680	-	-
	Quoted Securities	-	-	-
4	Other	67,538	-	-
	Quoted Securities	-	-	-
	Prior Period Equity Securities (shares) investments	Carrying Value	Comparison	
			Fair Value	Market Value
1	Securities Available-for-Sale	49,146	-	49,146
	Quoted Securities	-	-	-
2	Investments in Associates	-	-	-
	Quoted Securities	-	-	-
3	Investment in Subsidiaries	23,680	-	-
	Quoted Securities	-	-	-
4	Other	61,311	-	-
	Quoted Securities	-	-	-

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

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

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

None.

5. Consolidated 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 Group, 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 Groups'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 Group.

The Group 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 Group has a high risk capacity. In addition, the Liquidity Coverage Ratio of the Group 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 Group 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 Group. 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.

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

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

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

The Group's liquidity management is performed by the Asset and Liability Management. Depending on the Parent 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 Group's funding strategy including the policies on funding types and variety of maturities:

Group's 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.

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

Almost all liabilities of the Group are denominated in Turkish Lira, American Dollar, Euro or Gold. The TL denominated liquidity of the Group 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 Group, 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 and reviewed every year by the Executive Risk Committee. 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. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management 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.

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

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

Liquidity coverage ratio

Current 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)	39,940,135	29,666,150	38,595,788	28,321,802
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	53,103,077	15,774,009	4,732,004	1,577,401
3	Stable deposits	11,566,075	-	578,304	-
4	Less stable deposits	41,537,002	15,774,009	4,153,700	1,577,401
5	Unsecured wholesale funding, of which:	26,406,798	20,332,081	15,341,821	12,167,020
6	Operational deposits	-	-	-	-
7	Non-operational deposits	19,244,528	14,058,728	8,179,551	5,893,667
8	Unsecured funding	7,162,270	6,273,353	7,162,270	6,273,353
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	21,213,664	13,879,847	21,213,664	13,879,847
11	Outflows related to derivative exposures and other collateral requirements	21,107,116	13,879,847	21,107,116	13,879,847
12	Outflows related to restructured financial Instruments	106,548	-	106,548	-
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	17,946,305	4,488,841	1,666,045	295,118
16	TOTAL CASH OUTFLOWS			42,953,534	27,919,386
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	24,704,266	16,434,491	20,238,375	15,850,020
19	Other cash inflows	20,464,513	19,659,847	20,464,513	19,659,847
20	TOTAL CASH INFLOWS	45,168,779	36,094,338	40,702,888	35,509,867
				Upper Limit Applied Values	
21	TOTAL HQLA STOCK			38,595,788	28,321,802
22	TOTAL NET CASH OUTFLOWS			10,738,384	6,979,847
23	LIQUIDITY COVERAGE RATIO (%)			359.42	405.77

(*) 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	411.16	31/03/2021	329.36	28/02/2021	363.88
FC	462.79	14/03/2021	356.79	28/03/2021	409.64

The liquidity coverage rate is calculated by the proportion of high-quality liquid assets held by the parent 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.

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

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

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)	39,648,579	25,901,529	38,662,197	24,915,147
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	55,219,940	16,267,567	4,911,996	1,626,757
3	Stable deposits	12,199,949	-	609,997	-
4	Less stable deposits	43,019,991	16,267,567	4,301,999	1,626,757
5	Unsecured wholesale funding, of which:	26,153,465	19,781,632	15,278,159	11,939,524
6	Operational deposits	-	-	-	-
7	Non-operational deposits	19,089,094	13,698,769	8,157,205	5,800,167
8	Unsecured funding	7,064,371	6,082,863	7,120,954	6,139,357
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	26,571,971	16,568,126	26,565,022	16,566,735
11	Outflows related to derivative exposures and other collateral requirements	26,566,415	16,568,126	26,565,022	16,566,735
12	Outflows related to restructured financial Instruments	5,556	-	-	-
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	17,403,730	4,719,856	1,534,567	239,311
16	TOTAL CASH OUTFLOWS			48,289,744	30,372,327
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	20,624,936	12,432,686	16,488,161	11,906,245
19	Other cash inflows	26,782,067	26,152,418	26,779,564	26,149,915
20	TOTAL CASH INFLOWS	47,407,003	38,585,104	43,267,725	38,056,160
				Upper Limit Applied Values	
21	TOTAL HQLA STOCK			38,662,197	24,915,147
22	TOTAL NET CASH OUTFLOWS			12,072,436	7,593,082
23	LIQUIDITY COVERAGE RATIO (%)			320.25	328.13

(*) The average of the calculated liquidity coverage ratio for the last three months based on the monthly simple arithmetic average,

The table below presents highest, lowest and average liquidity coverage ratios for 31 December 2020:

Prior Period:

	Highest	Date	Lowest	Date	Average
TL+FC	397.95	28/01/2020	233.35	28/04/2020	324.63
FC	495.60	31/01/2020	196.65	14/06/2020	316.94

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.

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

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

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	11,766,112	20,239,821	-	-	-	-	-	32,005,933
Banks(*)	4,139,704	-	1,556,983	638,685	-	-	-	6,335,372
Financial assets at fair value through profit and loss	-	314,137	697,014	1,691,612	5,912,079	-	138,207	8,753,049
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	3,397,723	1,003,974	2,923,359	17,295,161	-	97,972	24,718,189
Loans (**)	-	8,095,327	13,160,464	29,579,302	34,586,664	5,121,298	(3,214,474)	87,328,581
Financial assets measured at amortised cost	-	-	2,504,339	436,128	249,375	-	-	3,189,842
Other assets (***)	2,728,753	869,072	332,003	89,906	1,189,934	-	3,298,331	8,507,999
Total assets	18,634,569	32,916,080	19,254,777	35,358,992	59,233,213	5,121,298	320,036	170,838,965
Liabilities								
Current account and funds collected from banks via participation accounts	1,065,172	21	-	-	-	-	-	1,065,193
Current and profit-sharing accounts	78,989,865	43,867,973	6,705,582	5,751,606	929,168	15,411	-	136,259,605
Funds provided from other financial institutions	-	24,660	646,829	2,754,826	3,568,230	32,577	-	7,027,122
Money market borrowings	-	3,404,605	-	-	-	-	-	3,404,605
Marketable securities issued	-	1,089,236	2,287,534	3,592,439	-	-	-	6,969,209
Miscellaneous payables	1,346,193	136,484	-	-	-	-	-	1,482,677
Other Liabilities (****)	-	1,791,145	848,694	9,548	8,908	-	11,972,259	14,630,554
Total Liabilities	81,401,230	50,314,124	10,488,639	12,108,419	4,506,306	47,988	11,972,259	170,838,965
Net liquidity gap	(62,766,661)	(17,398,044)	8,766,138	23,250,573	54,726,907	5,073,310	(11,652,223)	-
Prior period								
Total assets	20,556,136	30,061,101	19,722,362	29,894,129	52,673,745	4,907,794	381,846	158,197,113
Total liabilities	75,029,738	44,542,867	12,108,080	10,641,824	4,078,713	42,275	11,753,616	158,197,113
Net liquidity gap	(54,473,602)	(14,481,766)	7,614,282	19,252,305	48,595,032	4,865,519	(11,371,770)	-

(*) Presented with netting off with the expected credit loss.

(**) 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 other unallocated liabilities column consists mainly of equity and provision balances.

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

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

6. Explanations on consolidated leverage ratio

6.1 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)	163,438,585	160,626,497
2	(Assets amounts deducted in determining Basel III Tier I Capital)	(611,437)	(478,778)
3	Total amount on-balance sheet risks (sum of lines 1 and 2)	162,827,148	160,147,719
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 derivative financial instruments 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	72,645,499	69,537,344
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)	29,229,094	26,538,449
Capital and total risks			
13	Tier I Capital	9,844,356	9,567,064
14	Total risks (sum of lines 3, 6, 9 and 12)	194,736,962	189,918,027
Leverage ratio			
15	Leverage ratio	5.05	5.04

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

The leverage ratio calculated on the basis of the arithmetic average of the amounts realized at the end of each month for the past three-month period as of the Group’s consolidated balance sheet date was %5.05 (31 December 2020 - 5.04%). 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. Accordingly, main capital increased by 3% on profit for the period, while on-balance sheet risk increased by 2% and off-balance sheet increased by 10%. Accordingly, there is a decrease of 1 basis points in the current period leverage ratio compared to the previous period.

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

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

7. Explanations on fair value of consolidated 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. Explanations on the activities carried out on behalf and account of other persons, fiduciary-based 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.

9. Explanations on consolidated hedge accounting practices

None. (31 December 2020 – None.)

10. Explanations on Consolidated 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 Parent Bank is exposed. The Board of Directors is the owner of the Parent 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 Parent Bank's Risk Management System is to identify, measure, monitor and control the risks that the Parent 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.

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

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

10.1.2. 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)	57,651,903	51,904,896	4,612,152
2	Standardised approach (SA)	57,665,581	51,923,351	4,613,246
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	520,140	244,931	41,611
5	Standardised approach for counterparty credit risk (SA-CCR)	520,140	244,931	41,611
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	4,473,714	3,838,461	357,897
17	Standardised approach (SA)	4,473,714	3,838,461	357,897
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	11,336,427	7,606,341	906,914
20	Basic indicator approach	11,336,427	7,606,341	906,914
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)	73,995,862	63,613,084	5,919,668

11. Securitization Positions

None.

12. Qualitative information about market risk

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

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

13. Explanations on consolidated business segments

The Parent Bank operates in Retail Banking, Corporate and Commercial Banking, 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 and Enterprise 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 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 Group, 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 Group, 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.

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

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

Specific balance sheet and income statement items according to segments:

Current Period 1 January 2021-31 March 2021	Retail Banking	Corporate and Commercial banking	Treasury and international banking	Unallocated	Bank's total operation
Operating income	1,730,116	1,841,403	457,064	-	4,028,583
Operating expenses (-)	1,478,357	653,787	235,801	937,911	3,305,856
Transfers between segments	846,850	(164,326)	(682,524)	-	-
Net operating income(loss)	1,098,609	1,023,290	(461,261)	(937,911)	722,727
Income from associates	-	-	-	6,227	6,227
Income (loss) before tax	1,098,609	1,023,290	(461,261)	(931,684)	728,954
Provision for taxation (-)	-	-	-	147,158	147,158
Net income for the period	1,098,609	1,023,290	(461,261)	(1,078,842)	581,796
Current Period					
31 March 2021					
Segment assets	30,179,618	52,758,518	80,957,608	-	163,895,744
Associates, subsidiaries and joint ventures	-	-	-	91,218	91,218
Undistributed assets	-	-	-	6,852,003	6,852,003
Total assets	30,179,618	52,758,518	80,957,608	6,943,221	170,838,965
Segment liabilities	116,655,499	24,073,038	14,661,179	-	155,389,716
Undistributed liabilities	-	-	-	7,079,799	7,079,799
Shareholders' equity	-	-	-	8,369,450	8,369,450
Total liabilities	116,655,499	24,073,038	14,661,179	15,449,249	170,838,965
Prior Period					
1 January 2020 – 31 March 2020					
Operating income	1,354,019	1,562,866	167,855	-	3,084,740
Operating expenses (-)	1,187,720	421,676	154,446	849,202	2,613,044
Transfers between segments	660,644	(97,017)	(563,627)	-	-
Net operating income(loss)	826,943	1,044,173	(550,218)	(849,202)	471,696
Income from associates	-	-	-	4,437	4,437
Income (loss) before tax	826,943	1,044,173	(550,218)	(844,765)	476,133
Provision for taxation (-)	-	-	-	105,751	105,751
Net income for the period	826,943	1,044,173	(550,218)	(950,516)	370,382
Prior Period					
31 December 2019					
Segment assets	29,924,797	43,516,111	72,523,747	-	145,964,655
Associates, subsidiaries and joint ventures	-	-	-	84,991	84,991
Undistributed assets	-	-	-	12,147,467	12,147,467
Total assets	29,924,797	43,516,111	72,523,747	12,232,458	158,197,113
Prior Period					
31 December 2020					
Segment liabilities	105,235,906	21,636,217	16,987,622	-	143,859,745
Undistributed liabilities	-	-	-	6,306,554	6,306,554
Shareholders' equity	-	-	-	8,030,814	8,030,814
Total liabilities	105,235,906	21,636,217	16,987,622	14,337,368	158,197,113

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

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

SECTION FIVE

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and notes related to consolidated 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	5,221,621	630,548	3,011,244
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	29,741,064	1,144,427	23,966,543

(*) 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

1.1.3 Explanations on required reserves:

The Parent Bank, 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	737,773	162,916	78,913	330,367
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	881,798	167,404	128,546	333,060

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

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

1.3 Information on Banks:

1.3.1. Information on Banks:

	Current period		Prior Period	
	TL	FC	TL	FC
Banks	823,728	5,512,946	1,114,456	6,256,097
Domestic	823,728	1,522,261	1,113,965	113,981
Foreign (*)	-	3,990,685	491	6,142,116
Branches and head office abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	823,728	5,512,946	1,114,456	6,256,097

(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the guarantees given for the derivative transactions of 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 March 31, 2021, the relevant amount is 488,736 TL.

1.3.2 Information on foreign banks account:

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

	Current period	Prior Period
Debt Securities	25,119,392	20,852,757
Quoted on stock exchange	25,119,392	20,852,757
Not quoted on stock exchange	-	-
Share certificates	72,985	90,887
Quoted on stock exchange	56,278	75,105
Not quoted on stock exchange	16,707	15,782
Impairment provision	474,188	220,559
Total	24,718,189	20,723,085

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

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

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

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 Group:

	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

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

Current Period	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	75,960,667	5,284,388	2,637,964	-
Export Loans	6,422,097	191,191	-	-
Import Loans	2,339,923	94,879	-	-
Corporation Loans	36,567,366	3,884,933	2,559,843	-
Consumer Loans	12,651,404	299,948	58,035	-
Credit Cards	1,425,300	155,847	20,086	-
Loans given to financial sector	5,917,138	-	-	-
Other	10,637,439	657,590	-	-
Other Receivables	1,563	126,876	670	-
Total	75,962,230	5,411,264	2,638,634	-

Prior Period	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	67,420,988	4,813,370	2,615,066	-
Export Loans	4,967,766	230,900	-	-
Import Loans	1,971,303	87,512	-	-
Corporation Loans	33,990,065	3,495,756	2,533,424	-
Consumer Loans	12,754,463	298,219	62,118	-
Credit Cards	1,237,324	130,190	19,524	-
Loans given to financial sector	3,238,490	-	-	-
Other	9,261,577	570,793	-	-
Other Receivables	8,295	117,575	9,277	-
Total	67,429,283	4,930,945	2,624,343	-

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

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

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

	Standard Loans	Loans and other receivables under close monitoring	Standard Loans	Loans and other receivables under close monitoring
	Current Period (*)	Current Period (*)	Prior Period	Prior Period
12 Month Expected Credit Losses (*)	1,251,463	-	1,179,791	-
Significant Increase in Credit Risk	-	2,337,753	-	1,744,593
Total	1,251,463	2,337,753	1,179,791	1,744,593

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

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

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

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

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	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	92	315,594	315,686
Real Estate Loans	-	244,729	244,729
Vehicle Loans	92	43,713	43,805
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	3,228	-	3,228
With Installment	-	-	-
Without Installment	3,228	-	3,228
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	746,150	12,923,212	13,669,362

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

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

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	172	314,708	314,880
Real Estate Loans	-	246,690	246,690
Vehicle Loans	172	41,060	41,232
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	3,340	-	3,340
With Installment	-	-	-
Without Installment	3,340	-	3,340
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	639,258	13,038,711	13,677,969

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

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

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	535,627	4,290,069	4,825,696
Business Loans	-	559,101	559,101
Vehicle Loans	6,207	389,565	395,772
Consumer Loans	-	-	-
Other	529,420	3,341,403	3,870,823
Corporate Credit Cards-TL	932,575	-	932,575
With Installment	364,750	-	364,750
Without Installment	567,825	-	567,825
Corporate Credit Cards-FC	8,683	-	8,683
With Installment	-	-	-
Without Installment	8,683	-	8,683
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	2,061,803	14,266,468	16,328,271
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	453,371	3,565,574	4,018,945
Business Loans	-	490,181	490,181
Vehicle Loans	2,194	112,901	115,095
Consumer Loans	-	-	-
Other	451,177	2,962,492	3,413,669
Corporate Credit Cards-TL	816,278	-	816,278
With Installment	307,667	-	307,667
Without Installment	508,611	-	508,611
Corporate Credit Cards-FC	7,591	-	7,591
With Installment	-	-	-
Without Installment	7,591	-	7,591
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	1,785,877	13,305,080	15,090,957

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

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

1.5.6 Breakdown of loans by user:

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1.5.7 Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	77,973,837	69,932,474
Foreign loans	6,038,291	5,052,097
Total	84,012,128	74,984,571

1.5.8 Loans granted to subsidiaries and associates:

	Current period	Prior period
Loans granted directly to subsidiaries and associates	162	169
Loans granted indirectly to subsidiaries and associates	-	-
Total	162	169

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

	Current period	Prior period
Loans and receivables with limited collectability	461,240	473,916
Loans and receivables with doubtful collectability	21,363	5,172
Uncollectible loans and receivables	2,129,370	2,045,229
Total	2,611,973	2,524,317

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 Loans and Receivables with Limited Collectibility	IV. Group Loans and Receivables with Doubtful Collectibility	V. Group 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

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

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

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	550,571	11,192	2,408,491
Additions in the current period (+)	7,537	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 (-)	22,269	1,888	164,475
Write offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	535,835	23,141	2,441,723
Specific provisions (-)	461,240	21,363	2,129,370
Net balances on balance sheet	74,595	1,778	312,353

	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	1,541,141
Additions in the current period (+)	542,258	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	286,911
Write offs (-)	-	-	250,456
Sold Portfolio (-)(*)	-	-	153,338
Corporate and commercial loans	-	-	153,338
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	550,571	11,192	2,408,491
Specific provisions (-)	473,916	5,172	2,045,229
Net balance at the balance sheet	76,655	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 153,338 to the asset management company at a cost of TL 50,000.

1.5.10.3 Information on non-performing loans granted as foreign currency:

	Group III	Group IV	Group V
Current period:			
Ending balance of the current period	23,195	10,626	351,178
Provision amount (-)	-	5,347	292,163
Net balance at the balance sheet	23,195	5,279	59,015
Prior period			
Ending balance of the current period	532,560	1	312,782
Provision amount (-)	458,800	-	253,025
Net balance at the balance sheet	73,760	1	59,757

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

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

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)	74,595	1,778	312,353
Loans granted to real persons and legal entities (Gross)	535,835	23,141	2,441,723
Specific provision (-)	461,240	21,363	2,129,370
Loans to real persons and legal entities (Net)	74,595	1,778	312,353
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (net) 31.12.2020	76,655	6,020	363,262
Loans to real persons and legal entities (Gross)	550,571	11,192	2,408,491
Specific provision (-)	473,916	5,172	2,045,229
Loans to real persons and legal entities (Net)	76,655	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:

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.

1.5.10.6 Information on profit share accruals, rediscounts 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, rediscount 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, rediscount and valuation differences	4,485	865	319,370
Provision (-)	4,114	405	267,885

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

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

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

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1.5.10.8 Information on the write-off policy:

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1.6 Information on other financial assets measured at amortised cost:

1.6.1 Information on Other Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt Securities	3,189,842	6,499,810
Quoted on a Stock Exchange	2,889,506	6,203,203
Not Quoted	300,336	296,607
Impairment Provision (-)	1,026	1,094
Total	3,188,816	6,498,716

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

	Current Period	Prior Period
Opening Balance	6,499,810	3,212,924
Foreign Exchange Gain/Loss	249,030	1,353,136
Purchases During the Year	116,990	1,933,750
Disposals Through Sales and Redemptions	(3,675,988)	-
Impairment Provision (-)	1,026	1,094
Ending Balance	3,188,816	6,498,716

1.7 Information on investment in associates (Net):

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.

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

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

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

(*) 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.

Information on subsidiaries in the order listed above:

	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	-

Movement regarding the subsidiaries

	Current Period	Prior Period
Balance at the beginning of the year	23,680	23,680
Movements during the year	-	-
Purchases	-	-
Transfers from subsidiaries	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Impairment	-	-
Capital commitment payments	-	-
Balance at the end of the year	23,680	23,680
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

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

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

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

Consolidated subsidiaries listed 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 Parent Bank AG, the bank's subsidiary in Germany, calculated as of March 31, 2021 is EUR 108,813,560 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.

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 Leasing Investment	6,516,943	5,010,996

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

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

1.10.3 Information on finance lease contracts:

The Parent 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 asset

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1.13 Explanations on intangible asset

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1.14 Explanations on investment properties:

	Current period	Previous period
Opening Balance	77,457	37,646
Acquisition Are The Ones	-	39,970
Disposals (-), Net	-	-
Amortization Cost (-)	39	159
Closing Net Book Value	77,418	77,457

1.15 Information on deferred tax asset

As of 31 March 2021, deferred tax is offset as TL 1,168,363 in the balance sheet. In accordance with the related regulations deferred tax asset calculated as of 31 March 2021 is TL 1,309,034 (31 December 2020 – TL 932,455) and deferred tax liability is TL 140,671 (31 December 2020 – TL 96,933 TL).

	Current Period	Previous period
Reserve for employee benefits	32,852	48,263
Retirement pay liability	39,813	37,460
Deferred income	78,759	73,122
Impairment provision for subsidiaries, fixed assets and assets held for sale	1,488	1,281
Rediscounts for derivative instruments held for trading (net)	22,949	243,384
TFRS 9 Provisions	518,008	427,891
Precious metals valuation difference	428,631	-
Transferred financial losses(*)	78,771	73,642
Difference in valuation of securities	74,388	812
Other	33,375	26,600
Deferred tax asset	1,309,034	932,455
Derivative Transactions Valuation Differences	(100,426)	-
Precious Metal Valuation Difference	-	(23,908)
The difference between the registered value of tangible assets and tax value	(12,536)	(12,842)
Revaluation difference of financial assets at fair value through profit or loss	(16,433)	(48,114)
Other	(11,276)	(12,069)
Deferred tax liability	(140,671)	(96,933)
Deferred tax asset, (net)	1,168,363	835,522

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

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

(*) Since the Group is planning to generate sufficient amount of taxable income to offset financial losses in the future, a total of 78,771 TL deferred tax assets (31 December 2020: TL 73,642) have been recorded in the records.

Table of deferred tax asset movement:

	Current Period	Previous period
As of January 1	835,522	416,853
Deferred tax (expense)/income	247,748	274,753
Deferred tax accounted under other comprehensive income	79,033	120,571
Other	6,060	23,345
Deferred tax asset	1,168,363	835,522

1.16 Explanations on assets held for sale and discontinued operations:

	Current period	Prior period
Opening Balance	519,087	473,326
Acquisition Are The Ones	13,808	172,426
Transfers From Property, Plant And Equipment	-	-
Disposals (-), Net	17,379	126,809
Tangible Assets Transfer	-	-
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 Group's other assets amount to TL 4,363,323 (31 December 2020 – TL 10,037,261). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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

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

2. Explanations and notes related to consolidated 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	6,207,173	-	-	-	-	-	-	-	6,207,173
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	29,131	-	-	-	-	-	-	-	29,131
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	29,006	-	-	-	-	-	-	-	29,006
Participation banks	125	-	-	-	-	-	-	-	125
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	682,718	1,097,451	25,126	-	405,693	89,241	2	2,300,231
Public sector	-	226	829	664	-	17,316	-	-	19,035
Commercial sector	-	582,857	939,741	16,408	-	371,305	88,745	2	1,999,058
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	-	-	21	-	-	-	-	-	21
V. Real persons current accounts-FC	21,012,656	-	-	-	-	-	-	-	21,012,656
VI. Real persons profit sharing accounts-FC	-	7,458,478	9,779,429	1,120,098	-	2,553,127	2,767,294	3,445	23,681,871
VII. Other current accounts-FC	11,919,726	-	-	-	-	-	-	-	11,919,726
Commercial residents in Turkey	9,550,897	-	-	-	-	-	-	-	9,550,897
Commercial residents in Abroad	1,539,971	-	-	-	-	-	-	-	1,539,971
Banks and participation banks	828,858	-	-	-	-	-	-	-	828,858
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	823,459	-	-	-	-	-	-	-	823,459
Participation banks	5,399	-	-	-	-	-	-	-	5,399
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	782,755	1,825,627	211,623	-	222,328	135,877	-	3,178,210
Public sector	-	3	-	-	-	-	-	-	3
Commercial sector	-	705,240	1,508,391	52,514	-	37,592	65,080	-	2,368,817
Other institutions	-	32,523	126,582	159,096	-	184,177	70,797	-	573,175
Commercial and other institutions	-	44,989	190,654	13	-	559	-	-	236,215
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	26,163,111	5,661,477	2,607,655	384,808	-	280,224	10,641	21	35,107,937
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	80,055,037	22,434,425	24,689,628	2,233,933	-	4,102,076	3,786,339	23,360	137,324,798

There are no 7 days notification accounts of the Group.

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

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

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	5,029,690	-	-	-	-	-	-	-	5,029,690
Public sector	194,879	-	-	-	-	-	-	-	194,879
Commercial sector	4,783,318	-	-	-	-	-	-	-	4,783,318
Other institutions	39,576	-	-	-	-	-	-	-	39,576
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	11,917	-	-	-	-	-	-	-	11,917
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	11,614	-	-	-	-	-	-	-	11,614
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	21,358,154	-	-	-	-	-	-	-	21,358,154
VI. Real persons profit sharing accounts-FC	-	6,979,266	8,866,523	1,111,289	-	2,284,117	2,464,048	4,205	21,709,448
VII. Other current accounts-FC	10,739,481	-	-	-	-	-	-	-	10,739,481
Commercial residents in Turkey	8,823,743	-	-	-	-	-	-	-	8,823,743
Commercial residents in Abroad	1,282,174	-	-	-	-	-	-	-	1,282,174
Banks and participation banks	633,564	-	-	-	-	-	-	-	633,564
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	628,905	-	-	-	-	-	-	-	628,905
Participation banks	4,659	-	-	-	-	-	-	-	4,659
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	745,772	1,656,288	107,516	-	177,058	123,297	-	2,809,931
Public sector	-	3	-	-	-	-	-	-	3
Commercial sector	-	670,072	1,404,349	34,838	-	30,766	58,728	-	2,198,753
Other institutions	-	32,466	91,760	72,666	-	145,794	64,569	-	407,255
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	74,366,970	20,132,816	22,569,461	2,149,677	-	3,784,496	3,664,240	26,901	126,694,561

There are no 7 days notification of the Group.

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

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

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 Parent 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 Parent 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 Parent 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	-	-

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

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

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	619,722	1,367,405	283,393
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	39,835	624,147	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	127,767	5,703	129,343	38,870
From Foreign Banks, Institutions and Funds	-	4,432,535	45,929	4,990,179
Total	127,767	4,438,238	175,272	5,029,049

2.3.2 Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	111,339	3,172,639	175,272	3,914,835
Medium and Long-Term	16,428	1,265,599	-	1,114,214
Total	127,767	4,438,238	175,272	5,029,049

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

There is no risk concentration of the Parent Bank's current and profit-sharing accounts.

2.4. Information on securities issued

The Group has issued sukuks, detailed below. The average return on securities issued is 17.34% for Turkish Lira and 5.08% for USD. The maturity of sukuk issued in Turkish Lira is between April 2021 and June 2021; and Maturity of sukuk issued in USD is between November 2021.

Current Period	TL		FC	
	Short Term	Medium and Long-Term	Short Term	Medium and Long-Term
Nominal	3,203,649	-	-	4,156,075
Remaining Income Distribution	126,505	-	-	931,367
Book Value	3,093,099	-	-	3,876,110

Perior Period	TL		FC	
	Short Term	Medium and Long-Term	Short Term	Medium and Long-Term
Nominal	2,430,838	-	-	3,703,265
Remaining Income Distribution	102,521	-	-	915,938
Book Value	1,821,975	-	-	3,337,298

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

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

2.5 Information on other liabilities and miscellaneous payables:

As of 31 March 2021, other liabilities amount to TL 1,579,585 (31 December 2020 – TL 1,410,151), 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.

2.6 Information on finance lease payables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	11,906	14,727	147,042	137,379
1 to 4 years	43,151	40,977	253,354	165,644
More than 4 years	471,568	296,755	127,183	46,271
Total	526,625	352,459	527,579	349,294

The Group 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 used a revised discount rate reflecting changes in the profit share rate.

2.6.1. Explanations on contract changes and the new obligations these changes bring to the Group:

None (31 December 2020 – None).

2.6.1.1. Explanations on financial leasing obligations

None (31 December 2020 – None).

2.6.1.2. 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 Group.

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

2.7 Information on hedging derivative financial liabilities:

None. (31 December 2020 - None)

2.8 Information on provisions:

2.8.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: none for loans as of March 31, 2021 (31 December 2020 – TL 3) and TL 34 for leasing receivables (31 December 2020 – TL 87) is offset against loans and receivables.

2.8.2 Information on other provisions:

	Current Period	Prior Period
Specific provisions for non cash loans that are not indemnified 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 (*)	139,920	109,796
Total	1,094,943	1,166,534

(*) TL 56,110 mainly other pen in the current period (31 December 2020 – 35,525 TL) for the cases amounting to 16 (December 31, 2020 – TL 100) goes for 83,794 TL (31 December 2020 – 74,171 TL) is the amount of other return.

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

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

2.8.3 Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 201,105 (31 December 2020 – TL 189,033), vacation pay liability amounting to TL 36,572 (31 December 2020 – TL 2,714), performance premium amounting to TL 26,745 (31 December 2020 – TL 145,178), 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 12,321) and other fees amounting to TL 275 (31 December 2020 – TL 243).

Under the Turkish Labor Law, the Parent 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 compensation to be paid is up to one month's salary for each service year and this amount is limited to 7,638.96 TL (full TL amount) (31 December 2020 - 6,730.15 TL (full TL amount)). 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 Group 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.

	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	189,033	122,748
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	201,105	189,033

2.9 Explanations on tax liability:

2.9.1 Explanations on current tax liability:

2.9.1.1 Information on tax provisions: TL 414,634. (31 December 2020 – TL 389,870)

2.9.1.2 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	2,073	1,679
Total	111,676	100,966

2.9.1.3 Information on premiums (*):

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

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

	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.

2.9.1.4 Informations on deferred tax liability:

None (31 December 2020 - None).

2.10 Information on payables related to assets held for sale:

None (31 December 2020 – None).

2.11 Information on subordinated loans:

	Current Period		Prior Period	
	TP	YP	TP	YP
From Domestic Banks	-	-	-	-
From Other Domestic Organizations	-	-	-	-
From Foreign Banks	-	-	-	-
Other Foreign Organizations	-	2,108,658	-	4,590,265
Total	-	2,108,658	-	4,590,265

2.12 Information on shareholders' equity:

2.12.1 Presentation of paid-in capital:

	Current Period	Prior Period
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.

2.12.2 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 Parent Bank.

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

None

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

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

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

None

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

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

2.12.6 Summary of privileges given to shares representing the capital:

None (31 December 2020- None).

2.12.7 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.

2.13 Information on minority shares:

31 March 2021 - TL 30,346. (31 December 2020 - TL 30,004).

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

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

3. Explanations and notes related to consolidated 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 Group has guarantees and surety ships constituting of TL 9,644,287 (31 December 2020 – TL 9,588,633) 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, Parent Bank has other acceptances amounting to TL 546,663 (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	12,736,883	11,828,104
Total	12,781,535	11,861,333

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 Group 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. Explanations 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. Explanations on credit derivatives and their risks:

None.

3.4. Explanations on contingent liabilities and assets:

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3.5. Explanations on services provided to others names and accounts:

None.

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

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

3.6. Summary information on the rating of the Parent Bank to international rating agencies

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4. Explanations and notes related to the consolidated 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	301,060	1,222,660	241,752
Short term loans	402,977	68,284	240,908	41,434
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	301,060	1,222,660	241,752

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	36,144	302	21,183	-
Foreign Banks	4,293	17,739	16,224	23,730
Branches and head office abroad	-	-	-	150
Total	40,437	18,041	37,407	23,880

4.1.3 Information on profit share income from securities portfolio:

	Current Period		Prior Period	
	TP	YP	TP	YP
Financial Assets at Fair Value through Profit or Loss	28,325	41,261	10,711	25,789
Financial Assets at Fair Value Through Other Comprehensive Income	683,927	95,309	107,738	108,870
Financial Assets valued at Amortized Cost	23,689	24,119	10,539	28,972
Total	735,941	160,689	128,988	163,631

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	178	37

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

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

4.2 Information on profit share expenses:

4.2.1 Information on profit share given to loans used:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	6,778	33,317	4,905	2,368
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	5,106	558	4,905	1,681
Foreign banks	1,672	32,759	-	687
Branches and head office abroad	-	-	-	-
Other Institutions	-	68,148	-	73,000
Total	6,778	101,465	4,905	75,368

4.2.2 Profit share expense given to associates and subsidiaries:

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	375	1,034

4.2.3 Profit share expense paid to securities issued:

31 March 2021 – TL 159,622 (1 January - 31 March 2020 – TL 82,387).

4.3 Information on dividend income:

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

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

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 month	Up to 6 month	Up to 9 month	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	25,317	648	-	440	314	-	42,473	
Other institutions profit sharing account	2,684	4,975	247	-	275	13	-	8,194	
Total	218,204	295,546	15,825	-	19,772	24,220	454	574,021	
FC									
Banks	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	13,294	21,755	1,841	-	3,107	3,857	7	43,861	
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	25,565	2,023	-	3,247	3,875	7	51,033	
Grand Total	234,520	321,111	17,848	-	23,019	28,095	461	625,054	

Prior period		Profit Sharing Accounts						Accumulated profit sharing accounts	Total
Account name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	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	21,538	1,860	-	234	358	-	35,143	
Other institutions profit sharing account	946	2,766	397	-	99	40	-	4,248	
Total	152,017	251,421	17,629	-	15,783	23,290	387	460,527	
FC									
Banks	-	269	12	-	-	-	-	281	
Real person's non-trading profit sharing account	12,694	26,488	3,576	-	3,103	4,732	16	50,609	
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	33,898	4,128	-	3,558	4,764	16	63,100	
Grand Total	168,753	285,319	21,757	-	19,341	28,054	403	523,627	

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

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

4.5 Information on trading income/loss (Net):

	Current Period	Prior Period
Trading profit / loss (net)	139,698	616,359
Profit	25,360,508	10,240,626
Gain on capital market transactions	33,509	27,339
Gain on derivative financial instruments	4,655,888	1,686,967
Foreign exchange profit	20,671,111	8,526,320
Losses (-)	(25,220,810)	(9,624,267)
Losses on capital market transactions	(471)	(3,669)
Losses on derivative financial instruments	(3,490,401)	(1,681,913)
Foreign exchange losses	(21,729,938)	(7,938,685)

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 Group.

	Current Period	Prior Period
Reversal of prior period provisions	738,737	487,649
Income from sale of assets	8,808	7,805
Income from real estates sold within the scope of lease certificate	-	-
Rental income.	2,950	784
Other Income	16,059	12,307
Total	766,554	508,545

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

	Current Period(*)	Prior Period(*)
Expected Credit Loss	1,051,025	837,299
12 month expected credit loss (Stage 1)	157,223	340,909
Significant increase in credit risk (Stage 2)	620,442	148,609
Non-performing loans (Stage 3)	273,360	347,781
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 (**)	34,196	131,022
Total	1,105,660	994,607

(*)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. .

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

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

4.8 Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	12,072	7,615
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	64,873	51,503
Impairment Expenses of intangible fixed assets	-	-
Depreciation expenses of intangible assets	16,595	10,494
Depreciation expenses of assets held for sale	-	-
Other operating expenses	112,699	102,854
Lease Expenses Regarding TFRS 16 Exemptions	3,579	3,397
Maintenance expenses	18,043	14,430
Advertisement expenses	1,543	12,372
Communication expenses	19,513	15,615
Heating, electricity and water expenses	7,037	8,288
Cleaning expenses	2,435	2,038
Vehicle expenses	2,813	2,691
Stationery expenses	2,777	2,884
Other expenses	54,959	41,139
Losses on sales of assets	14	81
Deposit insurance fund expenses	102,190	69,539
Other	319,312	324,746
Total	627,755	566,832

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 (394,906) (1 January-31 March 2020 - TL (115,474)), deferred tax expense of TL 35,502 (1 January-31 March 2020 - TL 147,819) and TL 283,250 (1 January-31 March 2020 - TL 157,542) deferred tax income 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 Group's performance for the period: As of 31 March 2021, net profit share income is TL 1,858,827 (1 January-31 March 2020 - TL 1,199,927) net fees and commission income is TL 102,653 (1 January-31 March 2020 - TL 60,213).

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:

	Current Period	Prior Period
Profit / (Loss) of Minority Shares	(12,295)	2,056

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

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

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 214,900 (1 January – 31 March 2020 – TL 164,627), 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 142,377 (1 January - 31 March 2020 – TL 148,679), 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 Notes Related to the Consolidated Statement of 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 Notes Related to Consolidated 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 Group:

7.1 The volume of transactions related to the risk group of the Group, 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 Group (*)	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	169	16,291	4,695	6,709	54,992	6,632
Balance at end of period	162	18,193	4,524	10,810	78,215	263
Profit share and commission income	-	178	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	182	18,827	1,868	7,206	780,512	723
Balance at end of period	169	16,291	4,695	6,709	54,992	6,632
Profit share and commission income	-	180	258	85	5,263	-

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

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

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

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

Risk group of the Group (*)	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	24,405	54,178	58,677	151,321	203,570	137,061
Balance at end of period	19,334	24,405	75,983	58,677	204,843	203,570
Profit share expense	375	757	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 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
Transactions at Fair Value through Profit or Loss						
Balance at beginning of period	-	-	716,065	607,498	-	-
Balance at end of period	-	-	1,388,734	716,065	-	-
Total Profit / Loss	-	-	(9,318)	(13,619)	-	-
Hedging Transactions						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

7.4 Information on loans received from the Group'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	-	-	1,481,347	68,696	-	-
Balance at end of period	-	-	166,637	1,481,347	-	-
Profit share expense	-	-	353	-	-	-

7.5 Information on remunerations provided to top management:

As of 1 January - 31 March 2021, the Bank has paid TL 68,884 to top management (1 January – 31 March 2020- TL 54,308).

8. Information about the branches of the group 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.

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

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

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 thousand 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 thousand 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 thousand 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 thousand 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 thousand 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.

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

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

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 consolidated 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 24 May 2021 is presented preceding the financial statements.

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

SECTION EIGHT

CONSOLIDATED INTERIM REPORT

- 1. The Bank 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.

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.

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

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

1.2 Financial Informations Summary:

CONSOLIDATED BALANCE SHEET	31.03.2021	31.12.2020
CASH BALANCES AND CENTRAL BANK	32,005,933	25,110,970
BANKS	6,336,674	7,370,553
SECURITIES	36,661,080	34,986,094
LOANS	87,012,827	77,954,825
FINANCE LEASE RECEIVABLES (Net)	6,516,943	5,010,996
EXPECTED CREDIT LOSS	6,202,491	5,449,476
TANGIBLE ASSETS (Net)	955,869	924,082
OTHER ASSETS	7,552,130	12,289,069
TOTAL ASSETS	170,838,965	158,197,113
FUND COLLECTED	137,324,798	126,694,561
FUNDS BORROWED	4,566,005	5,204,321
MARKETABLE SECURITIES ISSUED (Net)	6,969,209	5,159,273
FINANCE LEASE PAYABLES (Net)	352,459	349,294
SUBORDINATED LOANS	2,108,658	4,590,265
OTHER LIABILITIES	11,148,386	8,168,585
EQUITY	8,369,450	8,030,814
TOTAL LIABILITIES	170,838,965	158,197,113
CONSOLIDATED STATEMENT OF PROFIT AND LOSS	31.03.2021	30.03.2020
PROFIT SHARE INCOME	2,927,468	1,905,708
PROFIT SHARE EXPENSE	1,068,641	705,781
NET PROFIT SHARE INCOME/EXPENSE	1,858,827	1,199,927
NET FEES AND COMMISSION INCOME/EXPENSE	102,653	60,213
PERSONNEL EXPENSES	412,346	359,524
DIVIDEND INCOME	756	-
NET TRADING INCOME / LOSS	139,698	616,359
OTHER OPERATING INCOME	766,554	508,545
EXPECTED CREDIT LOSS (-)	1,051,025	837,299
OTHER PROVISION EXPENSES (-)	54,635	157,308
OTHER OPERATING EXPENSES (-)	627,755	559,217
PROFIT / LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING	6,227	4,437
INCOME/ LOSS BEFORE TAX	728,954	476,133
TAX CHARGE	(147,158)	(105,751)
CURRENT PERIOD INCOME/LOSSES	581,796	370,382

	31.03.2021	31.12.2020
Total Loans/Total Assets*	54.75%	52.44%
Total Loans/Fund Collected*	68.11%	65.48%
Average Equity Profit **	28.38%	22.94%
Average Assets Profit **	1.41%	1.31%
Capital Adequacy Ratio	14.56%	19.97%

* Finance Lease Receivables is included in total loans.

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

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

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

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 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 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 CONSOLIDATED 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. Getting strength from the solid 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 forming 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 managed to meet 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 a much 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 the distance of the phone, Kuveyt Türk aims to be one of the financial institutions offering the best customer experience in Turkey in the field of being a customer via 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 cards 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. The employee satisfaction rate for Cart, which has been implemented for five years, has increased to 87 percent.

Kuveyt Türk, with its 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 international expansion, is the leading company in the participation finance sector in Turkey in the upcoming period. aims to continue to be.

Regards,

Ufuk UYAN

Member of BOD and General Manager

Kuveyt Türk Katılım Bankası

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

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

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 170 million 839 thousand, amount of the utilization of funds is TL 93 million 530 thousand and funds collected amount is TL 137 million 325 thousand. Due to the effect of the first three months' profit of TL 582 thousand, the ratio of shareholder equity increased 4,22% by reaching TL 8 million 369 thousand. As of 31 March 2021, unconsolidated capital adequacy ratio has been realized as 14,56%.

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

1.6 Significant Events and Transactions Occurring During the Three Month Period

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