

**Kuveyt Türk Katılım Bankası
Anonim Şirketi**

**Unconsolidated Financial Statements and Notes for The
Period Ended 1 January – 30 September 2021 with
Independent Auditor’s Review Report**

*(Convenience translation of unconsolidated financial statements and independent auditor’s
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 UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the unconsolidated statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. (the “Bank”) at September 30, 2021 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated of interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency(“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by BRSA Legislation; together referred as “BRSA Accounting and Financial Reporting Legislation”. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of the Bank. at September 30, 2021, and the results of its operations and its unconsolidated cash flows for the nine-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with “BRSA Accounting and Financial Reporting Legislation” and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A Member Firm of Ernst&Young Global Limited

Emre Çelik, SMMM
Partner

8 November 2021
Istanbul, Turkey

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**THE UNCONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE NINE-MONTH PERIOD THEN ENDED 30 SEPTEMBER 2021**

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The unconsolidated interim financial report for the nine-month period prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

The unconsolidated financial statements for the nine-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.

<hr/> Hamad Abdulmohsen AL-MARZOUQ Chairman of the Board of Directors	<hr/> Shadi Ahmed Yacoub ZAHARAN Chairman of the Audit Committee	<hr/> Nadir ALPASLAN Member of the Audit Committee	
<hr/> Mohamed Hedi MEJAI Member of the Audit Committee	<hr/> Ufuk UYAN General Manager	<hr/> Ahmet KARACA Chief Financial Officer	<hr/> 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 30 SEPTEMBER 2021

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

SECTION ONE

GENERAL INFORMATION

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

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

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

As of 30 September 2021, 62.24% of the Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

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

Name	Title	Date of Assignment	Date of Audit Committee Assignments	Audit Committee End Date	Educational Degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Head of the BOD	25/06/2014			Master	-
Shadi Ahmed Yacoub ZAHRAN	Member of BOD and chairman of the audit committee	25/09/2020	04/11/2020		Master	-
Nadir ALPASLAN	Vice President of BOD and member of Audit Committee	15/04/2011	24/12/2019		Bachelor	-
Salah A E AL MUDHAF	Member of BOD	07/10/2019			Bachelor	-
Burhan ERSOY	Member of BOD	18/06/2020			Bachelor	-
Mohamad Hedi MEJAL	Member of BOD and Audit Committee	25/03/2021	04/05/2021		Master	-
Ahmad S A A AL KHARJİ	Member of BOD	26/03/2014	24/09/2014	09/09/2020	Master	-
Gehad Mohamed Elbendary ANANY	Member of BOD	25/09/2020	09/09/2020	04/11/2020	Bachelor	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999			Master	0.057%
Ahmet KARACA	Assistant General Manager, Financial Control.	12/07/2006			Master	0.001%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003			Bachelor	-
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003			Bachelor	0.004%
İrfan YILMAZ	Assistant General Manager, Banking Services	27/10/2005			Bachelor	0.017%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Treasury and International Banking.	05/05/2005			Doctorate	0.008%
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	0.006%
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 0.10% 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 30 SEPTEMBER 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 30 September 2021, the shares of parent shareholder of Bank, Kuwait Finance House (“KFH”) are 51.95% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

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

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

As of 30 September 2021, the Bank is operating through 442 domestic branches (31 December 2020 – 435) with 6,087 employees (31 December 2020 – 6,000). Summary of some of the Bank’s operations described in the Articles of Association are as follows:

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

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

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2021

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

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

	ASSETS	Note	Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		18,600,856	70,400,013	89,000,869	17,678,002	41,874,104	59,552,106
1.1	Cash and Cash Equivalents		2,415,454	51,803,082	54,218,536	1,170,297	29,286,305	30,456,602
1.1.1	Cash and Balances with Central Bank	(5.1.1.)	2,354,169	40,515,643	42,869,812	1,144,427	23,503,483	24,647,910
1.1.2	Banks	(5.1.3.)	61,762	11,290,744	11,352,506	26,317	5,783,150	5,809,467
1.1.3	Money Markets		-	-	-	-	-	-
1.1.4	Expected Credit Loss (-)		477	3,305	3,782	447	328	775
1.2	Financial Assets at Fair Value Through Profit or Loss		208,102	7,147,955	7,356,057	996,392	6,843,055	7,839,447
1.2.1	Government Debt Securities		118,549	6,920,203	7,038,752	315,651	6,735,347	7,050,998
1.2.2	Equity Instruments		-	-	-	-	-	-
1.2.3	Other Financial Assets		89,553	227,752	317,305	680,741	107,708	788,449
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4.)	15,657,381	11,175,975	26,833,356	15,382,767	5,412,306	20,795,073
1.3.1	Government Debt Securities		15,522,390	10,704,494	26,226,884	15,299,606	5,190,032	20,489,638
1.3.2	Equity Instruments		7,667	51,868	59,535	8,056	40,405	48,461
1.3.3	Other Financial Assets		127,324	419,613	546,937	75,105	181,869	256,974
1.4	Derivative Financial Assets		319,919	273,001	592,920	128,546	332,438	460,984
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.2.)	319,919	273,001	592,920	128,546	332,438	460,984
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.11.)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)	(5.1.5.)	48,498,202	41,983,037	90,481,239	50,885,111	28,668,356	79,553,467
2.1	Loans		50,659,461	35,952,953	86,612,414	52,228,515	21,814,537	74,043,052
2.2	Leasing Receivables	(5.1.10.)	2,696,281	5,577,630	8,273,911	2,360,266	2,650,730	5,010,996
2.3	Financial Assets Measured At Amortized Cost	(5.1.6.)	-	2,818,285	2,818,285	-	5,931,297	5,931,297
2.3.1	Government Debt Securities		-	2,818,285	2,818,285	-	5,931,297	5,931,297
2.3.2	Other Financial Assets		-	-	-	-	-	-
2.4	Expected Credit Loss (-)		4,857,540	2,365,831	7,223,371	3,703,670	1,728,208	5,431,878
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(NET)	(5.1.16.)	320,470	-	320,470	519,087	-	519,087
3.1	Held For Sale		320,470	-	320,470	519,087	-	519,087
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		1,481,015	-	1,481,015	1,481,015	-	1,481,015
4.1	Investments in Associates (Net)	(5.1.7.)	-	-	-	-	-	-
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	Investment in Subsidiaries (Net)	(5.1.8.)	1,461,015	-	1,461,015	1,461,015	-	1,461,015
4.2.1	Unconsolidated Financial Subsidiaries		1,437,335	-	1,437,335	1,437,335	-	1,437,335
4.2.2	Unconsolidated Non-Financial Subsidiaries		23,680	-	23,680	23,680	-	23,680
4.3	Investment in Joint Ventures (Net)	(5.1.9.)	20,000	-	20,000	20,000	-	20,000
4.3.1	Joint Ventures Valued Based on Equity Method		20,000	-	20,000	20,000	-	20,000
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(5.1.12.)	1,152,539	1,163	1,153,702	1,161,631	1,173	1,162,804
VI.	INTANGIBLE ASSETS (Net)	(5.1.13.)	224,812	10	224,822	190,532	-	190,532
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		224,812	10	224,822	190,532	-	190,532
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14.)	-	-	-	24,987	-	24,987
VIII.	CURRENT TAX ASSETS		-	-	-	-	-	-
IX.	DEFERRED TAX ASSETS	(5.1.15.)	1,159,962	-	1,159,962	748,336	-	748,336
X.	OTHER ASSETS	(5.1.17.)	1,487,776	1,593,590	3,081,366	790,979	8,267,002	9,057,981
	TOTAL ASSETS		72,925,632	113,977,813	186,903,445	73,479,680	78,810,635	152,290,315

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2021

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

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

	LIABILITIES	Note	Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(5.2.1.)	46,699,402	104,491,635	151,191,037	33,499,285	88,673,699	122,172,984
II.	FUNDS BORROWED	(5.2.3.)	5,169,945	7,371,370	12,541,315	2,868,946	8,719,946	11,588,892
III.	MONEY MARKETS		2,344,455	-	2,344,455	185,225	-	185,225
IV.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES		13,476	662,859	676,335	1,390,486	286,320	1,676,806
6.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	13,476	662,859	676,335	1,390,486	286,320	1,676,806
6.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.6.)	-	-	-	-	-	-
VII.	LEASE PAYABLES	(5.2.5.)	343,433	630	344,063	340,115	3,910	344,025
VIII.	PROVISIONS	(5.2.7.)	979,560	470,513	1,450,073	1,170,443	400,358	1,570,801
8.1	Restructuring Provision		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		394,337	915	395,252	418,183	659	418,842
8.3	Insurance For Technical Provision (Net)		-	-	-	-	-	-
8.4	Other Provisions		585,223	469,598	1,054,821	752,260	399,699	1,151,959
IX.	CURRENT TAX LIABILITIES	(5.2.8.1.)	314,320	-	314,320	348,052	-	348,052
X.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.2.9.)	-	-	-	-	-	-
11.1	Held For Sale		-	-	-	-	-	-
11.2	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(5.2.10.)	-	5,373,933	5,373,933	-	4,590,265	4,590,265
12.1	Loans		-	-	-	-	-	-
12.2	Other Debt Instruments		-	5,373,933	5,373,933	-	4,590,265	4,590,265
XIII.	OTHER LIABILITIES	(5.2.4.)	1,903,526	1,416,123	3,319,649	1,289,708	528,460	1,818,168
XIV.	SHAREHOLDERS' EQUITY	(5.2.11.)	9,256,084	92,181	9,348,265	7,904,654	90,443	7,995,097
14.1	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2	Capital Reserves		25,124	-	25,124	25,124	-	25,124
14.2.1	Share Premiums		23,250	-	23,250	23,250	-	23,250
14.2.2	Share Cancellation Profits		1,874	-	1,874	1,874	-	1,874
14.2.3	Other Capital Reserves		-	-	-	-	-	-
14.3	Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(51,258)	-	(51,258)	(51,258)	-	(51,258)
14.4	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		(133,359)	92,181	(41,178)	(87,218)	90,443	3,225
14.5	Profit Reserves		3,360,217	-	3,360,217	1,970,146	-	1,970,146
14.5.1	Legal Reserves		355,870	-	355,870	284,943	-	284,943
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		2,936,850	-	2,936,850	1,617,135	-	1,617,135
14.5.4	Other Profit Reserves		67,497	-	67,497	68,068	-	68,068
14.6	Profit or Loss		1,460,229	-	1,460,229	1,452,729	-	1,452,729
14.6.1	Retained Earnings		52,448	-	52,448	52,448	-	52,448
14.6.2	Current Period Net Profit or Loss		1,407,781	-	1,407,781	1,400,281	-	1,400,281
14.7	Minority Shares	(5.2.12.)	-	-	-	-	-	-
	TOTAL LIABILITIES AND EQUITY		67,024,201	119,879,244	186,903,445	48,996,914	103,293,401	152,290,315

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 30
SEPTEMBER 2021

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

2. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Note	Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
A.		71,288,443	78,733,338	150,021,781	86,652,466	78,342,083	164,994,549
I.							
GUARANTEES AND WARRANTIES	(5.3.1.)	8,260,931	5,550,578	13,811,509	7,470,036	4,393,458	11,863,494
1.1.		7,491,434	2,618,039	10,109,473	6,997,497	2,593,297	9,590,794
1.1.1.		212,031	31,670	243,701	210,252	41,900	252,152
1.1.2.		437,274	35,366	472,640	408,225	60,079	468,304
1.1.3.		6,842,129	2,551,003	9,393,132	6,379,020	2,491,318	8,870,338
1.2.		8,908	54,128	63,036	5,503	35,493	40,996
1.2.1.		8,908	54,128	63,036	5,503	35,493	40,996
1.2.2.		-	-	-	-	-	-
1.3.		15,710	2,823,261	2,838,971	14,424	1,670,598	1,685,022
1.3.1.		-	1,263,650	1,263,650	-	756,822	756,822
1.3.2.		15,710	1,559,611	1,575,321	14,424	913,776	928,200
1.4.		-	-	-	-	-	-
1.5.		-	-	-	-	-	-
1.5.1.		-	-	-	-	-	-
1.5.2.		-	-	-	-	-	-
1.6.		744,879	55,150	800,029	452,612	94,070	546,682
1.7.		-	-	-	-	-	-
II.							
COMMITMENTS	(5.3.1.)	57,401,551	4,628,073	62,029,624	54,000,945	2,301,565	56,302,510
2.1.		8,341,930	4,628,073	12,970,003	6,228,351	2,301,565	8,529,916
2.1.1.		1,057,164	4,628,073	5,685,237	776,146	2,301,565	3,077,711
2.1.2.		-	-	-	-	-	-
2.1.3.		882,093	-	882,093	555,059	-	555,059
2.1.4.		-	-	-	-	-	-
2.1.5.		-	-	-	-	-	-
2.1.6.		1,732,215	-	1,732,215	1,372,786	-	1,372,786
2.1.7.		-	-	-	-	-	-
2.1.8.		4,649,698	-	4,649,698	3,503,366	-	3,503,366
2.1.9.		3,003	-	3,003	3,237	-	3,237
2.1.10.		-	-	-	-	-	-
2.1.11.		-	-	-	-	-	-
2.1.12.		17,757	-	17,757	17,757	-	17,757
2.2.		49,059,621	-	49,059,621	47,772,594	-	47,772,594
2.2.1.		49,059,621	-	49,059,621	47,772,594	-	47,772,594
2.2.2.		-	-	-	-	-	-
III.							
DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2.)	5,625,961	68,554,687	74,180,648	25,181,485	71,647,060	96,828,545
3.1.		-	-	-	-	-	-
3.1.1.		-	-	-	-	-	-
3.1.2.		-	-	-	-	-	-
3.1.3.		-	-	-	-	-	-
3.2.		5,625,961	68,554,687	74,180,648	25,181,485	71,647,060	96,828,545
3.2.1.		1,486,166	2,623,909	4,110,075	1,083,945	2,130,485	3,214,430
3.2.1.1.		363,234	1,728,837	2,092,071	785,976	843,754	1,629,730
3.2.1.2.		1,122,932	895,072	2,018,004	297,969	1,286,731	1,584,700
3.2.2.		4,139,795	65,930,778	70,070,573	24,097,540	69,516,575	93,614,115
3.3.		-	-	-	-	-	-
B.							
CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		584,845,152	236,110,255	820,955,407	478,587,067	203,218,899	681,805,966
IV.							
ITEMS HELD IN CUSTODY		19,678,564	24,032,969	43,711,533	13,171,821	20,387,564	33,559,385
4.1.		-	-	-	-	-	-
4.2.		6,746,154	4,318,825	11,064,979	3,145,487	7,054,819	10,200,306
4.3.		11,128,810	1,731,543	12,860,353	8,485,888	1,082,506	9,568,394
4.4.		1,803,600	390,472	2,194,072	1,540,446	312,851	1,853,297
4.5.		-	-	-	-	-	-
4.6.		-	-	-	-	-	-
4.7.		-	-	-	-	-	-
4.8.		-	-	-	-	-	-
4.8.		-	17,592,129	17,592,129	-	11,937,388	11,937,388
V.							
PLEDGED ITEMS		565,154,949	211,972,883	777,127,832	465,403,607	182,743,974	648,147,581
5.1.		334,602	-	334,602	149,465	-	149,465
5.2.		101,097	3,592,432	3,693,529	101,128	2,996,008	3,097,136
5.3.		19,378,141	1,221,936	20,600,077	14,297,126	913,904	15,211,030
5.4.		-	-	-	-	-	-
5.5.		155,146,159	4,330,794	159,476,953	147,051,571	3,715,371	150,766,942
5.6.		390,194,950	202,827,721	593,022,671	303,804,317	175,118,691	478,923,008
5.7.		-	-	-	-	-	-
VI.							
ACCEPTED GUARANTEES AND WARRANTIES		11,639	104,403	116,042	11,639	87,361	99,000
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		656,133,595	314,843,593	970,977,188	565,239,533	281,560,982	846,800,515

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 30 SEPTEMBER 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

3. STATEMENT OF PROFIT OR LOSS

			Reviewed Current Period 01.01.2021- 30.09.2021	Reviewed Current Period 01.07.2021- 30.09.2021	Reviewed Prior Period 01.01.2020- 30.09.2020	Reviewed Prior Period 01.07.2020- 30.09.2020
	INCOME AND EXPENSE TABLE	Note				
I.	PROFIT SHARE INCOME	(5.4.1.)	9,025,603	3,237,464	6,666,024	2,607,796
1.1.	Profit Share on Loans		5,920,583	2,144,162	4,475,304	1,598,310
1.2.	Profit Share on Reserve Deposits		151,069	67,104	24,703	12,659
1.3.	Profit Share on Banks		65,957	17,880	92,509	6,217
1.4.	Profit Share on Money Market Placements		-	-	-	-
1.5.	Profit Share on Marketable Securities Portfolio		2,452,365	856,836	1,792,316	886,346
1.5.1.	Fair Value Through Profit or Loss		170,390	55,517	237,433	101,258
1.5.2.	Fair Value Through Other Comprehensive Income		2,207,415	774,430	1,430,713	732,401
1.5.3.	Measured at Amortised Cost		74,560	26,889	124,170	52,687
1.6.	Finance Lease Income		385,464	148,213	244,690	93,015
1.7.	Other Profit Share Income		50,165	3,269	36,502	11,249
II.	PROFIT SHARE EXPENSE		3,834,151	1,490,786	2,250,396	810,414
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	2,378,703	936,832	1,399,602	420,475
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	977,960	369,086	549,213	202,007
2.3.	Profit Share Expense on Money Market Borrowings		440,901	172,996	254,205	173,786
2.4.	Expense on Securities Issued		-	-	-	-
2.5.	Profit Share Expense on Lease		36,587	11,872	47,376	14,146
2.6.	Other Profit Share Expense		-	-	-	-
III.	NET PROFIT SHARE INCOME (I - II)		5,191,452	1,746,678	4,415,628	1,797,382
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		403,469	147,694	255,629	81,787
4.1.	Fees And Commissions Received		758,364	285,009	584,547	204,152
4.1.1.	Non-Cash Loans		104,036	35,904	102,828	33,358
4.1.2.	Other	(5.4.13.)	654,328	249,105	481,719	170,794
4.2.	Fees And Commissions Paid		354,895	137,315	328,918	122,365
4.2.1.	Non-Cash Loans		15	5	22	6
4.2.2.	Other	(5.4.13.)	354,880	137,310	328,896	122,359
V.	DIVIDEND INCOME	(5.4.3.)	5,843	-	68	60
VI.	NET TRADING INCOME / LOSS	(5.4.5.)	6,717	(428)	844,334	72,892
6.1.	Capital Market Transaction Gains/Losses		42,594	(12,650)	50,070	(1,913)
6.2.	Gains/Losses From Derivative Financial Instruments		1,074,562	94,336	307,362	771,607
6.3.	Foreign Exchange Gains/Losses		(1,110,439)	(82,114)	486,902	(696,802)
VII.	OTHER OPERATING INCOME	(5.4.6.)	833,357	95,728	400,258	138,769
VIII.	GROSS OPERATING INCOME / LOSS (III+IV+V+VI+VII+ VIII)		6,440,838	1,989,672	5,915,917	2,090,890
IX.	EXPECTED LOSS PROVISIONS (-)	(5.4.7.)	2,482,047	772,905	2,649,124	1,072,255
X.	OTHER PROVISIONS (-)	(5.4.7.)	36,607	(24)	227,390	94,612
XI.	PERSONNEL EXPENSES (-)	(5.4.8.)	1,029,980	332,699	886,644	276,304
XII.	OTHER OPERATING EXPENSES (-)	(5.4.8.)	1,032,691	353,556	833,215	283,720
XIII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)		1,859,513	530,536	1,319,544	363,999
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-	-	-
XVI.	CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVII.	INCOME / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XVIII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)	(5.4.9.)	1,859,513	530,536	1,319,544	363,999
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(5.4.10)	451,732	152,574	283,488	82,002
18.1.	Current Tax Provision		842,412	314,108	432,927	130,626
18.2.	Deferred Tax Income Effect (+)		20,366	-	134,484	-
18.3.	Deferred Tax Expense Effect (-)		411,046	161,534	283,923	48,624
XIX.	CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVIII±XVI)	(5.4.11.)	1,407,781	377,962	1,036,056	281,997
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1.	Income on Non-Current Assets Held For Sale		-	-	-	-
20.2.	Income on Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
20.3.	Income on Other Discontinued Operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1.	Expenses From Non-Current Assets Held For Sale		-	-	-	-
21.2.	Expenses From Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
21.3.	Expenses From Other Discontinued Operations		-	-	-	-
XXII.	PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1.	Current Tax Provision		-	-	-	-
23.2.	Deferred Tax Expense Effect (+)		-	-	-	-
23.3.	Deferred Tax Income Effect (-)		-	-	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXV.	NET PROFIT/LOSS (XVII+XXII)	(5.4.12.)	1,407,781	377,962	1,036,056	281,997
25.1.	Group's Income/Loss		1,407,781	377,962	1,036,056	281,997
25.2.	Minority Interest Income/Loss (-)		-	-	-	-
	Earnings Per Share Income/Loss		-	-	-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME AS OF 30 SEPTEMBER 2021

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

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed Current Period 30.09.2021	Reviewed Prior Period 30.09.2020
I.	CURRENT PROFIT (LOSS)	1,407,781	1,036,056
II.	OTHER COMPREHENSIVE INCOME	(44,403)	(316,945)
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	(44,403)	(316,945)
2.2.1	Foreign Currency Translation Difference	-	-
2.2.2	Valuation And/Or Reclassification Income/Expense of the Financial Assets At Fair Value Through Other Comprehensive Income	(65,349)	(415,680)
2.2.3	Cash Flow Hedge Income/Loss	-	11,512
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Taxes Related Other Comprehensive Income Items Reclassified Through Profit Or Loss	20,946	87,223
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	1,363,378	719,111

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2021

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

5. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-in Capital	Share Premiums	Share cancellation profits	Other Capital Reserves	Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss			Profit Reserves	Retained Earnings	Net Profit/Loss for the Period	Total Shareholders' Equity Less Minority Shares	Minority Shares	Total Shareholders' Equity
						1	2	3	4	5	6						
Prior Period (01/01/2020 – 30/09/2020)																	
I. Prior Period Ending Balance		3,995,766	23,250	1,239	-	-	(19,082)	-	-	214,695	(8,981)	1,469,025	35,540	1,109,838	6,821,290	-	6,821,290
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	(16,092)	-	-	16,092	-	-	-	-
2.1 Effect Of Corrections		-	-	-	-	-	-	-	-	(16,092)	-	-	16,092	-	-	-	-
2.2 Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		3,995,766	23,250	1,239	-	-	(19,082)	-	-	198,603	(8,981)	1,469,025	51,632	1,109,838	6,821,290	-	6,821,290
IV. Total Comprehensive Income (Loss)		-	-	-	-	-	-	-	-	(325,926)	8,981	-	-	1,036,056	719,111	-	719,111
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	-	-	-	-	-	(6,566)	-	(1,078)	6,566	-	(1,078)	-	(1,078)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	1,102,558	-	(1,109,838)	(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		-	-	-	-	-	-	-	-	-	-	-	1,109,838	(1,109,838)	-	-	-
Balances at end of the period (III+IV+.....+X+XI)	(5.2.11.)	4,595,131	23,250	1,874	-	-	(19,082)	-	-	(133,889)	-	1,970,505	58,198	1,036,056	7,532,043	-	7,532,043
Current Period (01/01/2021 – 30/09/2021)																	
I. Prior Period Ending Balance		4,595,131	23,250	1,874	-	-	(51,258)	-	-	3,225	-	1,970,146	52,448	1,400,281	7,995,097	-	7,995,097
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	23,250	1,874	-	-	(51,258)	-	-	3,225	-	1,970,146	52,448	1,400,281	7,995,097	-	7,995,097
IV. Total Comprehensive Income (Loss)		-	-	-	-	-	-	-	-	(44,403)	-	-	-	1,407,781	1,363,378	-	1,363,378
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		-	-	-	-	-	-	-	-	-	-	(1,078)	-	-	(1,078)	-	(1,078)
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		-	-	-	-	-	-	-	-	-	-	1,400,281	(1,400,281)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	1,400,281	(1,400,281)	-	-	-
Balances at end of the period (III+IV+.....+X+XI)	(5.2.11.)	4,595,131	23,250	1,874	-	-	(51,258)	-	-	(41,178)	-	3,360,217	52,448	1,407,781	9,348,265	-	9,348,265

1. Accumulated Revaluation Increase / Decrease of Fixed Assets

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

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

4. Foreign Currency Transition Differences

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

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

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

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6. STATEMENT OF CASH FLOWS

	Note	Reviewed	Reviewed
		Current Period	Prior Period
		01.01.2021- 30.09.2021	01.01.2020- 30.09.2020
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Assets And Liabilities From Banking Operations		2,984,170	3,330,914
1.1.1 Profit Share Income Received		7,551,770	5,382,686
1.1.2 Profit Share Expense Paid		(3,832,976)	(2,301,527)
1.1.3 Dividends Received		5,843	68
1.1.4 Fees And Commissions Received		758,364	584,547
1.1.5 Other Income		880,335	1,963,604
1.1.6 Collections From Previously Written Off Loans		498,163	193,288
1.1.7 Payments to Personnel And Service Suppliers		(1,007,786)	(890,614)
1.1.8 Taxes Paid		(627,921)	(703,562)
1.1.9 Others		(1,241,622)	(897,576)
1.2 Changes in Assets And Liabilities From Banking Operations		11,687,615	4,548,211
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		1,160,127	(3,067,896)
1.2.2 Net (Increase) Decrease in Due From Banks And Other Financial Institutions		(4,669,372)	(9,945,432)
1.2.3 Net (Increase) Decrease in Loans		(12,944,950)	(17,688,353)
1.2.4 Net (Increase) Decrease in Other Assets		5,246,033	(83,835)
1.2.5 Net Increase (Decrease) in Bank Deposits		73,580	314,714
1.2.6 Net Increase (Decrease) in Other Deposits		19,060,027	22,589,142
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		(262,958)	1,989,443
1.2.9 Net Increase (Decrease) in Due Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities		4,025,128	10,440,428
I. Net Cash Provided From / (Used in) Banking Operations		14,671,785	7,879,125
B. CASH FLOWS FROM INVESTING ACTIVITIES			-
II. Net Cash Provided From / (Used in) Investing Activities		(1,593,723)	(21,927,486)
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	(745,860)
2.2 Cash Obtained From Sale of Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.3 Fixed Assets Purchases		(167,141)	(40,298)
2.4 Fixed Assets Sales		46,161	317
2.5 Cash Paid For Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(8,745,538)	(22,824,279)
2.6 Cash Obtained From Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4,001,354	3,905,991
2.7 Cash Paid For Purchase of Investment Securities		(136,484)	(2,035,983)
2.8 Cash Obtained From Sale of Investment Securities		3,479,510	-
2.9 Other		(71,585)	(187,374)
C. CASH FLOWS FROM FINANCING ACTIVITIES			-
III. Net Cash Provided From / (Used in) Financing Activities		468,235	333,989
3.1 Cash Obtained From Funds Borrowed And Securities Issued		-	-
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		-	-
3.3 Capital Increase		513,954	388,645
3.4 Dividends Paid		(9,132)	(7,280)
3.5 Payments For Finance Leases		(36,587)	(47,376)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents		3,798,196	3,845,560
V. Net Increase (Decrease) in Cash And Cash Equivalents		17,344,493	(9,868,812)
VI. Cash And Cash Equivalents at The Beginning of The Period		11,971,283	18,893,086
VII. Cash And Cash Equivalents at The End of The Period		29,315,776	9,024,274

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES IN THE RELATED PERIOD

1. Explanations on Basis of Presentation

1.1. The preparation of the financial statements and related notes and explanations in accordance with the turkish accounting standards and regulation on accounting applications for banks and safeguarding of documents:

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

Additional paragraph for convenience translation

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

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

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

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

Since it is aimed to update the most recent financial information in the interim financial statements prepared as of September 30, 2021, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in third section footnote numbered 1.5 “Explanations on Expected Credit Loss”. In the upcoming periods, the Bank will update its relevant assumptions are necessary and revise the realizations of past estimates.

1.3. Changes in accounting estimates, errors and classifications

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated. There were no significant changes in the accounting estimates of the Bank in the current year. Comparative information is rearranged when deemed necessary in order to comply with the presentation of the current period financial statements. The Bank has rearranged the prior period's statement of changes in shareholders' equity in order to comply with the presentation of the current period financial statements.

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

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

1.5. Disclosures regarding TFRS 9 financial instruments:

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

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

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

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

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

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

Classification and measurement of financial instruments:

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

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

Explanations on expected credit loss:

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

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

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

The Bank has calculated the possible effects of the COVID-19 outbreak as of 30 September 2021 with the best estimate method, which it obtained on the principle of maximum effort to estimate and reasoning used in the calculation of expected credit losses. In the light of the aforementioned data, during the pandemic, the Bank revised its macroeconomic expectations in the calculation of expected credit loss, and the calculation made taking into account the change in PD with the update in the EDF model was reflected in the financial statements. By its nature, the model effects are reflected in the financial statements with a delay due to the occurrence of the events and their effects at different times. For this reason, if deemed necessary the Bank may make sectoral based valuations in order to eliminate the timing difference and establish additional provisions for the sector or customers which are considered to have a high impact due to outbreak. The Bank maintains this approach as of September 30, 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 Decisions numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 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 September 2021.

With the announcement made on September 16, 2021, it was decided to end the flexibility as of the end of September 30, 2021; however, as of 1 October 2021, the same application as previously stated will be continued by the banks for the 1st stage loans with a delay period of more than 31 days and not exceeding 90 days. As of 1 October 2021, in addition to the 1st stage loans, it has been decided to continue with the same practice for the 2nd stage loans with a delay period exceeding 91 days and not exceeding 180 days.

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

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

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

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

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

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

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

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

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

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

However, based on the BRSA's decisions dated March 17, 2020 and numbered 8948 with dated March 27, 2020 and numbered 8970; due to the impediments in the economic and commercial activities which have been occurred as a result of the COVID-19 pandemic, according to the articles 4 and 5 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions the foreseen 90-day delay period for the non-performing loans classification was made possible to apply as 180 days; until September 30, 2021, the application of the foreseen 30-day period for the classification for Stage 2 as 90 days has been enabled.

With the announcement made on September 16, 2021, it was decided to end the flexibility as of the end of September 30, 2021; however, as of 01.10.2021, the same application as previously stated will be continued by the banks for the 1st stage loans with a delay period of more than 31 days and not exceeding 90 days. As of 01.10.2021, in addition to the 1st stage loans, it has been decided to continue with the same practice for the 2nd stage loans with a delay period exceeding 91 days and not exceeding 180 days.

As of September 30, 2021, the Bank has a loan of TL 133,767 with a delay of 30-90 days and a total of TL 700,457 with a delay of 90-180 days within the scope of the aforementioned flexibility. As of September 30, 2021, the Bank allocated a total of TL 31,740 for loans with a delay of 30-90 days and a total of TL 547,836 for loans with a delay of 90-180 days.

1.6 Revenue from TFRS 15 customer contracts:

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

1.7 Explanations on TFRS 16 leases standard:

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

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

As of September 30, 2021, the right-of-use assets classified tangible assets amounting to gross TL 522,886 in the balance sheet of the Bank and lease obligations amounting to gross TL 517,847. In the nine-month period that ended as of the same date, financial expenses amounting to TL 36,587 and depreciation expenses amounting to TL 84,945 were incurred.

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

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2. Explanations on strategy of using financial instruments and foreign currency transactions:

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

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

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

3. Investments in associates and subsidiaries:

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

4. Explanations on forward transactions and option contracts and derivative instruments:

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

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

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

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

As of September 30, 2021, the Bank has no cash flow hedging transaction.

5. Explanations on profit share income and expense:

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

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

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6. Explanations on fees and commission income and expenses:

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

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

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

7. Explanations on financial assets:

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

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

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

7.3 Financial assets measured at amortized cost:

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

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

7.4 Derivative financial assets:

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

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

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

7.5 Loans:

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

8 Explanations on offsetting of financial assets and liabilities:

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

9. Explanations on sale and repurchase agreements and lending of securities:

Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement, a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. In this context, OMT were carried out with the CBRT for the first time on 14 June 2013, by subjecting the Treasury Lease Certificates, which were include in assets, to the repurchase transactions. From this date, the Bank performs sale transactions of treasury lease 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 30 September 2021, the Bank has repurchased agreement amounting to TL 2,344,455 (31 December 2020: 185,225).

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10. Explanations on assets held for sale and discontinued operations and related liabilities:

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

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

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

11. Explanations on goodwill and other intangible assets:

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

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

12. Explanations on tangible assets:

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

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

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

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

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

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

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

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

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

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13. Explanations on leasing transactions:

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

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

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

The right of the use asset:

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

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

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

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

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

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

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

Lease obligation:

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

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

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

14. Explanations on 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.

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15. Explanations on Liabilities Relating to Employee Benefits

15.1 Defined benefit plans:

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

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

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

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

15.2 Defined contribution plans:

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

15.3 Short term benefits to employees:

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

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

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16. 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.

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

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

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

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

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.

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17. Explanations on Additional Disclosures on Borrowings

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

The Bank has not issued convertible bonds.

18. Explanations on Share Certificates Issued

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

19. 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.

20. Explanations on Government Grants

There are no government grants received by the Bank.

21. Explanations on Segment Reporting

The Bank conducts its activities in three separate segments: Retail Banking, Corporate and Commercial 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.

22. Explanations on Other Matters

The Bank has no disclosures on other matters.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

1. Explanations on Equity Items

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 30 September 2021 Bank’s total capital has been calculated as TL 15,028,880 (31 December 2020: TL 12,713,746), capital adequacy ratio is 19.67% (31 December 2020: 21.26%).

Fluctuations are experienced in the financial markets mainly as a result of the COVID-19 outbreak, in the press statement made by the BRSA on March 23, 2020. Therefore, in accordance with the BRSA's Decision No. 9795 dated 16 September 2021; 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, to continue the application until a Board Decision is taken to the contrary,

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 September 30, 2021.

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1.1 Components of Total Capital:

	<i>Current Period Amount</i>	<i>Prior Period Amount</i>
COMMON EQUITY TIER I CAPITAL		
Paid-In Capital To Be Entitled For Compensation After All Creditors	4,600,000	4,600,000
Share Premium	23,250	23,250
Reserves	3,360,217	1,970,146
Other Comprehensive Income According to TAS	97,559	98,217
Profit	1,460,229	1,452,729
Current Period Profit	1,407,781	1,400,281
Prior Period Profit	52,448	52,448
Bonus Shares From Associates, Affiliates And Joint-Ventures Not Accounted In Current Period's Profit	-	-
Common Equity Tier I Capital Before Deductions	9,541,255	8,144,342
Deductions From Common Equity Tier I Capital	-	-
Valuation Adjustments Calculated As Per The Article 9. (I) Of The Regulation On Bank Capital	-	-
Current And Prior Periods' Losses Not Covered By Reserves, And Losses Accounted Under Equity According To TAS (-)	138,737	77,641
Leasehold Improvements On Operational Leases (-)	71,145	77,771
Goodwill Netted With Deferred Tax Liabilities	-	-
Other Intangible Assets Netted With Deferred Tax Liabilities Except Mortgage Servicing Rights	213,483	177,808
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences	-	-
Differences Arise When Assets And Liabilities Not Held At Fair Value, Are Subjected To Cash Flow Hedge Accounting	-	-
Total Credit Losses That Exceed Total Expected Loss Calculated According To The Regulation On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
Securitization Gains	-	-
Unrealized Gains And Losses From Changes In Bank's Liabilities' Fair Values Due To Changes In Creditworthiness	-	-
Net Amount Of Defined Benefit Plans	51,258	51,258
Direct And Indirect Investments Of The Bank On Its Own Tier I Capital (-)	4,869	4,869
Shares Obtained Against Article 56, Paragraph 4 Of The Banking Law (-)	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Net Deferred Tax Assets Arising From Temporary Differences Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Amount Exceeding The 15% Threshold Of Tier I Capital As Per The Article 2, Clause 2 Of The Regulation On Measurement And Assessment Of Capital Adequacy Of Banks (-)	-	-
The Portion Of Net Long Position Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Not Deducted From Tier I Capital (-)	-	-
Mortgage Servicing Rights Not Deducted (-)	-	-
Excess Amount Arising From Deferred Tax Assets From Temporary Differences (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
Deductions From Tier I Capital In Cases Where There Are No Adequate Additional Tier I Or Tier II Capitals (-)	-	-
Total Deductions From Common Equity Tier I Capital	479,492	389,347
Total Common Equity Tier I Capital	9,061,763	7,754,995

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ADDITIONAL TIER I CAPITAL		
Privileged stocks not included in common equity and share premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2,221,925	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	2,221,925	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	2,221,925	1,851,633
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	11,283,688	9,606,628
Tier II Capital		
Debt Instruments And The Related Issuance Premiums Defined By The BRSA	3,110,695	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)	764,026	613,486
Tier II Capital before deductions	3,874,721	3,205,767
Deductions From Tier II Capital	-	-
Direct And Indirect Investments Of The Bank On Its Own Tier II Capital (-)	-	-
Investments In Equity Instruments Issued By Banks And Financial Institutions Invested In Bank's Tier II Capital And Having Conditions Stated In The Article 8 Of The Regulation	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
The Total Of Net Long Position Of The Direct Or Indirect Investments In Additional Tier I Capital And Tier II Capital Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
Total Deductions From Tier II Capital	-	-
Total Tier II Capital	3,874,721	3,205,767
Total Equity (Total Tier I And Tier II Capital)	15,158,409	12,812,395

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Total Tier I Capital And Tier II Capital (Total Equity)		
Loans Granted Against The Articles 50 And 51 Of The Banking Law (-)	-	-
Net Book Values Of Movables And Immovables Exceeding The Limit Defined In The Article 57, Clause 1 Of The Banking Law And The Assets Acquired Against Overdue Receivables And Held For Sale But Retained More Than Five Years (-)	7,069	5,828
Other Items To Be Defined By The BRSA (-)	122,460	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)	15,028,880	12,713,746
Total Risk Weighted Assets	76,420,803	59,802,485
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	11.86	12.97
Tier I Capital Ratio (%)	14.77	16.06
Capital Adequacy Ratio (%)	19.67	21.26
Buffers		
Bank-Specific Total CET1 Capital Ratio	2.50	2.50
Capital Conservation Buffer Ratio (%)	2.50	2.50
Systemic Significant Bank Buffer Ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According To The Article 4 Of Capital Conservation And Counter-Cyclical Capital Buffers Regulation	7.36	8.47
Amounts Lower Than Excesses As Per Deduction Rules		
Remaining Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital	-	-
Remaining Total Of Net Long Positions Of The Investments In Tier I Capital Of Unconsolidated Banks And Financial Institutions Where The Bank Owns More Than 10% Or Less Of The Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets Arising From Temporary Differences	-	-
Limits For Provisions Used In Tier II Capital Calculation		
General Loan Provisions For Exposures In Standard Approach (Before Limit Of One Hundred And Twenty Five Per Ten Thousand)	764,026	613,486
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	764,026	613,486
Total Loan Provision That Exceeds Total Expected Loss Calculated According To Communiqué On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
Total Loan Provision That Exceeds Total Expected Loss Calculated According To Communiqué On Calculation Of Credit Risk By Internal Ratings Based Approach, Limited By 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered By Temporary Article 4 (Effective Between 1.1.2018-1.1.2022)		
Upper Limit For Additional Tier I Capital Items Subject To Temporary Article 4	-	-
Amount Of Additional Tier I Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-
Upper Limit For Additional Tier II Capital Items Subject To Temporary Article 4	-	-
Amount Of Additional Tier II Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-

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Information on debt instruments to be included in equity calculation:			
Issuer	KT One Company Limited	KT AT One Company Limited	KT21 T2 Company Limited
Mean Code (CUSIP, ISIN vb.)	XS2028862998	XS2227803819	XS2384355520
Legislation to which the mean is subject	BRSA regulation on Shareholders ' Equity	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	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	Current on both consolidated and unconsolidated basis
Means Type	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Tier II Capital)
Amount taken into account in equity calculation (as of last reporting date-TL million)	1,778	444	3,111
Nominal value of the mean (TL million)	1,778	444	3,111
The account in which the mean is followed accounting	3470003	3470003	3470003
Export date of the mean	16/07/2019	28/09/2020	16/09/2021
Maturity structure of the mean (demand/term)	Demand	Demand	10 years and 3 months term
Initial maturity of the mean	5 Years (Due Date : 16/07/2024)	5 Years (Due Date : 28/09/2025)	5 Years and 3 months (Due Date: 16/12/2026)
Whether the issuer has the right to refund subject to BRSA approval	Yes	Yes	Yes
Date of repayment option, contingent repayment options and amount to be paid back	16/07/2024 - Complete	28/09/2025 - Tamamı	16/12/2026 - Tamamı
Subsequent repayment option dates	16/07/2024	28/09/2025	16/12/2026
Dividend payments			
Fixed or variable dividend payments	Fixed dividend payments	Fixed dividend payments	Fixed dividend payments
Dividend ratio and index value for dividend ratio	9.13%	9.95%	6.13%
Whether there are any restrictions that stop paying dividends	None	None	None
The ability to be completely optional, partially optional or mandatory	Mandatory	Mandatory	Mandatory
Whether there is an element to encourage repayment, such as a dividend rate hike	None	None	None
Non-accumulative or cumulative property	Noncumulative	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	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	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	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	Cannot be converted into stock
Types of convertible means, if convertible to stock	Cannot be converted into 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	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	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	No Value Reduction
If the value reduction property is continuous or transient	No Value Reduction	No Value Reduction	No Value Reduction
If the value can be temporarily reduced, the value increment mechanism	No Value Reduction	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 - 2	Tier - 2	Tier - 2
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	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	None

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

Internal evaluation process is established for continuously evaluating and maintaining the types, 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 Banks' growth strategy, assets-liabilities structure, funding sources, liquidity position, foreign currency position, the effect of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Banks' risk profile and risk appetite.

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

2. Explanations and disclosures related to credit risk:

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

3. Explanations on currency risk

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

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

As of 30 September 2021, the Bank has a balance sheet open position of TL 3,472,039 (December 31, 2020 – TL 22,209,211 open) and off balance sheet position of TL 2,893,672 (December 31, 2020 – TL 21,901,119 closed) with a short position of TL 578,367 (December 31, 2020 – TL 308.092 open)

The announced current foreign exchange buying rates of the Bank as of 30 September 2021 and the previous five working days are as follows (full TL):

	23/09/2021	24/09/2021	25/09/2021	28/09/2021	29/09/2021	Balance Sheet Valuation Rate
USD	8.69951	8.8205	8.84683	8.86778	8.85253	8.8877
EURO	10.19608	10.34432	10.35139	10.35767	10.32111	10.30159
GBP	11.90544	12.08302	12.11362	12.07923	11.95277	11.95623
CHF	9.4104	9.54055	9.53805	9.55221	9.5235	9.50897
JPY	0.07911	0.07981	0.0798	0.0796	0.07945	0.07941

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

	Monthly average FC purchase rate
USD	8.54029
EURO	10.05952
GBP	11.74568
CHF	9.26151
JPY	0.07753

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Currency risk of the Bank:

	Euro	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	18,357,009	13,051,932	9,106,460	40,515,401
Banks (****)	4,260,147	1,362,408	5,665,126	11,287,681
Financial assets at fair value through profit and loss	1	743,699	6,404,255	7,147,955
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	4,152,435	7,023,540	-	11,175,975
Loans and finance lease receivables (*)	17,416,130	23,205,046	16,999	40,638,175
Subsidiaries, associates and joint ventures (**)	610,120	-	-	610,120
Financial assets at amortized cost	-	2,817,630	-	2,817,630
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	1,163	-	1,163
Intangible assets	-	10	-	10
Other assets	1,567,762	22,131	3,000	1,592,893
Total assets	46,363,604	48,227,559	21,195,840	115,787,003
Liabilities				
Current account and funds collected from Banks via participation accounts	31,272	131,577	283,432	446,281
Current and profit-sharing accounts FC (****)	16,315,295	48,503,207	39,226,852	104,045,354
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	808,825	11,937,108	-	12,745,933
Marketable securities issued	-	-	-	-
Miscellaneous payables	581,841	584,541	8,117	1,174,499
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	162,697	640,682	43,596	846,975
Total liabilities	17,899,930	61,797,115	39,561,997	119,259,042
Net balance sheet position	28,463,674	(13,569,556)	(18,366,157)	(3,472,039)
Net off-balance sheet position	(29,105,752)	13,619,570	18,379,854	2,893,672
Financial derivative assets	554,932	18,284,127	19,199,157	38,038,216
Financial derivative liabilities	29,660,684	4,664,557	819,303	35,144,544
Non-cash loans (***)	2,130,087	3,181,496	238,993	5,550,576
Prior period				
Total assets	33,003,388	31,604,258	16,220,333	80,827,979
Total liabilities	13,501,256	51,731,458	37,804,476	103,037,190
Net balance sheet position	19,502,132	(20,127,200)	(21,584,143)	(22,209,211)
Net off-balance sheet position	(19,867,567)	20,187,707	21,580,979	21,901,119
Financial derivative assets	972,259	25,033,494	21,919,119	47,924,872
Financial derivative liabilities	20,839,826	4,845,787	338,140	26,023,753
Non-cash loans (***)	1,837,972	2,349,832	205,654	4,393,458

(*) Includes foreign currency indexed loans amounting to TL 1,472,768 (31 December 2020 – TL 1,740,355) and includes expected loss provision amounting to TL 2,365,176 followed as TL on the balance sheet.

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

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

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

(*****) Other liabilities at fair value through TL 5,987 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 140,825.

(*****) Includes provisions for expected losses amounting to TL 3,305 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 273,001 (31 December 2020 – TL 332,438)
- Prepaid expenses: TL 697 (31 December 2020 – 693 TL)
- Derivative financial liabilities held for trading: TL 662,859 (31 December 2020 – TL 286,320)
- Marketable securities of FC revaluation reverse: (97,559) (31 December 2020 - TL (94,206))
- Derivative financial liabilities held for hedging: None (31 December 2020 - TL None).

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

- Forward foreign currency purchase transactions TL 1,889,189 (31 December 2020 – TL 1,122,954)
- Forward foreign currency sale transactions: TL 2,738,884(31 December 2020 – TL 1,178,611)
- Precious metals purchase transactions TL 18,217,853 (31 December 2020 – TL 20,984,650)
- Precious metals sale transactions TL 50,085 (31 December 2020 – TL 30,525)

Sensitivity to exchange rate risk

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

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

	Change in exchange rate (%)	Effect on profit / loss		Effect on Equity	
		Current period	Prior period	Current period	Prior period
USD	10%	5,001	6,051	(4,441)	(2,962)
EUR	10%	(64,208)	(36,544)	(63,984)	(36,575)
GOLD	10%	8,868	11,870	8,868	11,870

4. Explanations related to stock position risk

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

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

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

Current Period		Comparison	
Equity Securities (shares) investments	Carrying Value	Fair Value	Market Value
Securities at Fair Value Through Other Comprehensive Income	59,535	-	59,535
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	1,461,015	-	323,400
Quoted Securities	53,418	-	323,400
Other	20,000	-	-
Quoted Securities	-	-	-
Prior Period		Comparison	
Equity Securities (shares) investments	Carrying Value	Fair Value	Market Value
Securities at Fair Value Through Other Comprehensive Income	48,461	-	48,461
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	1,461,015	-	382,800
Quoted Securities	53,418	-	382,800
Other	20,000	-	-

4.3 Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals: None

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5. Liquidity risk management and liquidity coverage ratio:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.5. Information on liquidity risk mitigation techniques:

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

5.6. Information on the use of stress tests:

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

5.7. General information on emergency funding plan:

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

5.8. Presentation of financial liabilities according to contractual maturities:

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

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5.9 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)	49,182,072	37,244,700	45,712,642	33,775,270
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	62,679,503	15,114,426	5,546,485	1,511,443
3	Stable deposits	14,429,315	-	721,466	-
4	Less stable deposits	48,250,188	15,114,426	4,825,019	1,511,443
5	Unsecured wholesale funding, of which:	26,376,991	18,752,934	12,804,264	8,706,754
6	Operational deposits	-	-	-	-
7	Non-operational deposits	23,648,316	17,360,921	10,075,589	7,314,741
8	Unsecured funding	2,728,675	1,392,013	2,728,675	1,392,013
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	19,222,370	15,366,872	19,222,370	15,366,872
11	Outflows related to derivative exposures and other collateral requirements	17,719,017	15,366,872	17,719,017	15,366,872
12	Outflows related to restructured financial Instruments	1,503,353	-	1,503,353	-
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	21,342,154	5,259,644	1,873,252	268,958
16	TOTAL CASH OUTFLOWS			39,446,371	25,854,027
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	19,773,173	15,063,433	16,845,923	14,149,707
19	Other cash inflows	17,715,883	17,112,651	17,715,883	17,112,651
20	TOTAL CASH INFLOWS	37,489,056	32,176,084	34,561,806	31,262,358
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			45,712,642	33,775,270
22	TOTAL NET CASH OUTFLOWS			9,861,593	6,463,507
23	LIQUIDITY COVERAGE RATIO (%)			463.54	522.55

(*) The average calculated for the last three months of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average

The lowest, highest and average Liquidity Coverage Ratios in the last 3 months of 2021 are given in the table below.

	Highest	Date	Lowest	Date	Average
TL+FC	528.36	16/07/2021	415.51	30/07/2021	465.81
FC	572.19	27/08/2021	445.54	30/07/2021	524.25

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

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

(*) The average calculated for the last three months of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average

The lowest, highest and average Liquidity Coverage Ratios in the last 3 months of 2020 are given in the table below.

Prior Period:

	Highest	Date	Lowest	Date	Average
TL+FC	391.92	25/12/2020	313.44	13/11/2020	352.00
FC	476.29	25/12/2020	341.18	13/11/2020	388.57

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

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5.10 Presentation of assets and liabilities according to their remaining maturities:

Current period	Demand	Up to 1 months	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	19,781,213	23,088,362	-	-	-	-	-	42,869,575
Banks (*)	11,348,961	-	-	-	-	-	-	11,348,961
Financial assets at fair value through profit and loss	-	93,084	97,508	273,525	6,705,418	-	186,522	7,356,057
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	2,287,314	73,382	5,506,671	18,523,058	-	442,931	26,833,356
Loans (**)	-	8,953,369	14,195,232	31,722,535	33,547,356	3,586,389	(4,341,272)	87,663,609
Financial assets evaluated at amortised cost	-	-	-	2,677,914	140,371	-	(655)	2,817,630
Other assets (***)	1,633,719	1,434,910	1,869	-	1,159,962	-	3,783,797	8,014,257
Total assets	32,763,893	35,857,039	14,367,991	40,180,645	60,076,165	3,586,389	71,323	186,903,445
Liabilities								
Current account and funds collected from banks via participation accounts	471,440	22	-	2,001	-	-	-	473,463
Current and profit-sharing accounts	85,493,494	53,196,263	7,807,406	4,079,341	138,027	3,043	-	150,717,574
Funds provided from other financial institutions	-	1,482,456	8,834,405	774,548	3,705,341	3,118,497	-	17,915,247
Money market borrowings	-	2,344,455	-	-	-	-	-	2,344,455
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	1,380,642	136,017	-	-	-	-	-	1,516,659
Other Liabilities (****)	-	2,065,705	729,942	129,012	184,938	28,112	10,798,338	13,936,047
Total Liabilities	87,345,576	59,224,918	17,371,753	4,984,902	4,028,306	3,149,652	10,798,338	186,903,445
Net liquidity gap	(54,581,683)	(23,367,879)	(3,003,762)	35,195,743	56,047,859	436,737	(10,727,015)	-
Prior period								
Total assets	20,317,947	30,352,896	17,735,453	27,551,629	50,763,635	4,014,370	1,554,385	152,290,315
Total liabilities	72,873,988	44,706,098	11,756,907	10,006,764	3,338,778	41,882	9,565,898	152,290,315
Net liquidity gap	(52,556,041)	(14,353,202)	5,978,546	17,544,865	47,424,857	3,972,488	(8,011,513)	-

(*) Presented with netting off expected credit losses.

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

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

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

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6. Explanations on leverage ratio:

Disclosure of leverage ratio template:

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

On-balance sheet assets (*)		Current Period	Prior Period
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	181,120,781	154,598,576
2	(Assets amounts deducted in determining Basel III Tier I Capital)	(501,228)	(394,341)
3	Total on-balance sheet risks (sum of lines 1 and 2)	180,619,553	154,204,235
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	482,534	629,764
5	The potential amount of credit risk with all and credit derivatives	704,989	482,894
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	1,187,523	1,112,658
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,489,495	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)	1,489,495	2,119,201
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	74,710,068	69,534,780
11	(Adjustments for conversion to credit equivalent amounts)	(44,055,927)	(42,998,895)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	30,654,141	26,535,885
Capital and total risks			
13	Tier I Capital	11,130,910	9,608,320
14	Total risks (sum of lines 3, 6, 9 and 12)	213,950,712	183,971,979
Leverage ratio			
15	Leverage ratio	5.20	5.22

(*) 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 %5.20 (31 December 2020 - 5.22%). The main reason for the changes from the previous period is that the increase in the items related to the on-balance sheet assets compared to the increase in other items. Accordingly, main capital increased by 16% on profit for the period, while on-balance sheet risk increased by 17% and off-balance sheet increased by 16%. Accordingly, there is a decrease of 2 basis points in the current period leverage ratio compared to the previous period.

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

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

8. Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions:

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9. Explanations on hedge accounting practices:

None (31 December 2020 – None).

10. Explanations on risk management:

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

10.1. Explanations on risk management and risk weighted amounts:

10.1.1 GB1 - Overview of risk weighted amounts:

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 30/09/2021	Prior Period 31/12/2020	Current Period 30/09/2021
1	Credit risk (excluding counterparty credit risk) (CCR)	60,512,770	48,815,085	4,841,022
2	Standardised approach (SA)	60,579,702	48,833,540	4,846,376
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	542,384	245,378	43,391
5	Standardised approach for counterparty credit risk (SA-CCR)	542,384	245,378	43,391
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	66,931	18,455	5,354
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	5,131,406	3,250,536	410,512
17	Standardised approach (SA)	5,131,406	3,250,536	410,512
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	10,167,312	7,473,031	813,385
20	Basic indicator approach	10,167,312	7,473,031	813,385
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)	76,420,803	59,802,485	6,113,664

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11. Securitization Positions

None.

12. Transactions on behalf of others, explanations on transactions based on faith:

The Bank does not provide buying, selling, custody and fund management services on behalf of its customers. The Bank does not make fiduciary transaction contracts.

13. Qualitative explanations on market risk:

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.

14. Explanations on Business Segments:

The 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 Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (forward, swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts Murabaha transactions with foreign banks.

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Selected balance sheet and income statement items according to segments:

Current Period 1 January 2021-30 September 2021	Retail and enterprise Banking	Corporate and Commercial banking	Treasury and international banking	Unallocated	Bank's total operation
Operating income	4,873,041	5,437,064	283,172	-	10,593,277
Operating expenses (-)	4,652,065	1,398,923	926,653	1,756,123	8,733,764
Transfers between segments	2,538,492	(2,382,319)	(156,173)	-	-
Net operating income(loss)	2,759,468	1,655,822	(799,654)	(1,756,123)	1,859,513
Income from associates	-	-	-	-	-
Income (loss) before tax	2,759,468	1,655,822	(799,654)	(1,756,123)	1,859,513
Provision for taxation (-)	-	-	-	451,732	451,732
Net income for the period	2,759,468	1,655,822	(799,654)	(2,207,855)	1,407,781
Current Period					
30 September 2021					
Segment assets	31,504,452	56,242,923	92,055,203	-	179,802,578
Associates, subsidiaries and joint ventures	-	-	-	1,481,015	1,481,015
Undistributed assets	-	-	-	5,619,852	5,619,852
Total assets	31,504,452	56,242,923	92,055,203	7,100,867	186,903,445
Segment liabilities	124,531,707	26,659,330	21,280,101	-	172,471,138
Undistributed liabilities	-	-	-	5,084,042	5,084,042
Shareholders' equity	-	-	-	9,348,265	9,348,265
Total liabilities	124,531,707	26,659,330	21,280,101	14,432,307	186,903,445
Prior Period					
1 January 2020 – 30 September 2020					
Operating income	3,850,192	3,624,248	793,401	-	8,267,841
Operating expenses (-)	3,649,643	652,597	1,157,599	1,488,458	6,948,297
Transfers between segments	1,711,150	(325,131)	(1,386,019)	-	-
Net operating income(loss)	1,911,699	2,646,520	(1,750,217)	(1,488,458)	1,319,544
Income from associates	-	-	-	-	-
Income (loss) before tax	1,911,699	2,646,520	(1,750,217)	(1,488,458)	1,319,544
Provision for taxation (-)	-	-	-	283,488	283,488
Net income for the period	1,911,699	2,646,520	(1,750,217)	(1,771,946)	1,036,056
Prior Period					
31 December 2020					
Segment assets	29,924,797	43,516,111	66,183,752	-	139,624,660
Associates, subsidiaries and joint ventures	-	-	-	1,481,015	1,481,015
Undistributed assets	-	-	-	11,184,640	11,184,640
Total assets	29,924,797	43,516,111	66,183,752	12,665,655	152,290,315
Prior Period					
31 December 2020					
Segment liabilities	100,529,104	21,636,217	18,392,876	-	140,558,197
Undistributed liabilities	-	-	-	3,737,021	3,737,021
Shareholders' equity	-	-	-	7,995,097	7,995,097
Total liabilities	100,529,104	21,636,217	18,392,876	11,732,118	152,290,315

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and notes related to assets:

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

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

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	574,383	2,371,388	630,548	2,548,184
The Central Bank of Republic of Turkey	1,621,467	35,278,746	512,354	19,967,199
Other (*)	158,319	2,865,509	1,525	988,100
Total	2,354,169	40,515,643	1,144,427	23,503,483

(*) As of 30 September 2021, precious metal account amounting to TL 1,751,076 (31 December 2020 - TL 988,021) and money in transit amounting to TL 1,272,752 (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	1,554,364	12,190,384	499,584	1,493,876
Unrestricted time deposit	-	-	-	-
Restricted time deposit	67,103	23,088,362	12,770	18,473,323
Total	1,621,467	35,278,746	512,354	19,967,199

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

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

As of 30 September 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	93,491	9,330	49,633	2,693
Swap transactions	226,428	263,671	78,913	329,745
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	319,919	273,001	128,546	332,438

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1.3 Information on Banks:

1.3.1. Information on Banks:

	Current period		Prior Period	
	TL	FC	TL	FC
Banks	61,762	11,290,744	26,317	5,783,150
Domestic	61,762	3,815,822	26,317	113,789
Foreign (*)	-	7,474,922	-	5,669,361
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	61,762	11,290,744	26,317	5,783,150

(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the foreign currency collaterals given for the derivative transactions made by the Bank with foreign banks, which were monitored in the other assets account in the bank balance sheet in the previous periods, started to be monitored in the banks account as of the current period. As of 30 September 2021, the relevant amount is 623,791 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	26,644,651	20,925,430
Quoted on stock exchange	26,644,651	20,925,430
Not quoted on stock exchange	-	-
Share certificates /Investment Funds	416,295	90,202
Quoted on stock exchange	127,324	75,105
Not quoted on stock exchange	288,971	15,097
Impairment provision	227,590	220,559
Total	26,833,356	20,795,073

1.4.1. Information on given collateral or blocked financial assets at fair value through other comprehensive income

As of the balance sheet date, there is given collateral financial assets amounting to TL 10,774,254 (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 2,287,314 (31 December 2020: 179,750) at fair value through other comprehensive income.

1.4.2. Information on subject to repurchase agreement financial assets at fair value through other comprehensive income

1.5. Explanations on financial assets measured at amortized cost:

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

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	5,172	22,605	4,695	6,709
Corporate shareholders	-	22,569	-	6,677
Real person shareholders	5,172	36	4,695	32
Indirect loans granted to shareholders	60,412	1,633	54,992	6,632
Loans granted to employees	36,559	1,028	27,605	541
Total	102,143	25,266	87,292	13,882

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

Current Period Cash Loans	Standard Loans and Other Receivables	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Loans	76,508,427	4,340,158	2,870,124	-
Export Loans	8,034,230	228,763	-	-
Import Loans	2,747,292	108,316	-	-
Corporation Loans	37,904,524	3,228,095	2,825,606	-
Consumer Loans	12,299,685	330,793	20,834	-
Credit Cards	1,920,243	196,475	22,538	-
Loans given to financial sector	5,731,921	-	-	-
Other	7,870,532	247,716	1,146	-
Other Receivables	1,999	10,262	-	-
Total	76,510,426	4,350,420	2,870,124	-

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

Information on provisions for Standard Qualified and Close Monitored loans and restructured Close Monitored loans:

	Standard Loans Current Period (*)	Loans under close monitoring Current Period (*)	Standard Loans Prior Period	Loans under close monitoring Prior Period
12-Month Expected Loss Provision	1,688,721	-	1,170,568	-
Significant Increase in Credit Risk	-	2,945,273	-	1,743,435
Total	1,688,721	2,945,273	1,170,568	1,743,435

(*) Includes expected credit loss of other financial assets measured at amortized cost amounting TL 655 (31 December 2020: 1,094 TL).

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

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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	103,658	12,473,321	12,576,979
Real Estate Loans	23,388	10,120,948	10,144,336
Vehicle Loans	43,195	1,860,118	1,903,313
Consumer Loans	28,906	233,800	262,706
Other	8,169	258,455	266,624
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	35,116	35,116
Real Estate Loans	-	34,834	34,834
Vehicle Loans	-	-	-
Consumer Loans	-	282	282
Other	-	-	-
Retail Credit Cards-TL	824,760	70	824,830
With Installment	215,590	70	215,660
Without Installment	609,170	-	609,170
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	1,715	37,502	39,217
Real Estate Loans	78	2,715	2,793
Vehicle Loans	566	18,362	18,928
Consumer Loans	1,071	16,425	17,496
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	22,161	21	22,182
With Installment	8,561	21	8,582
Without Installment	13,600	-	13,600
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	952,294	12,546,030	13,498,324

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

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

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1.5.5 Information on commercial installment loans and corporate credit cards:

Current Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	737,374	9,985,906	10,723,280
Business Loans	16,581	1,738,951	1,755,532
Vehicle Loans	588,717	5,455,419	6,044,136
Consumer Loans	132,076	2,791,536	2,923,612
Other	-	-	-
Commercial Installment Loans-FC Indexed	8,503	395,036	403,539
Business Loans	8,503	20,130	28,633
Vehicle Loans	-	1,819	1,819
Consumer Loans	-	373,087	373,087
Other	-	-	-
Commercial Installment Loans-FC	5,308	739,147	744,455
Business Loans	-	191,630	191,630
Vehicle Loans	5,308	547,517	552,825
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	1,292,244	-	1,292,244
With Installment	544,359	-	544,359
Without Installment	747,885	-	747,885
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	2,043,429	11,120,089	13,163,518

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

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1.5.6 Breakdown of credits by users:

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1.5.7 Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	82,517,583	70,338,950
Foreign loans	1,213,387	769,511
Total	83,730,970	71,108,461

1.5.8 Loans granted to subsidiaries and associates:

	Current period	Prior period
Loans granted directly to subsidiaries and associates	325,837	185,615
Loans granted indirectly to subsidiaries and associates	-	-
Total	325,837	185,615

1.5.9 Specific provisions for loans or default (third stage) provisions:

	Current period	Prior period
Loans and receivables with limited collectability	5,115	467,474
Loans and receivables with doubtful collectability	591,117	5,172
Uncollectible loans and receivables	1,993,145	2,045,229
Total	2,589,377	2,517,875

1.5.10 Information on non-performing loans (Net):

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

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
Current Period:			
(Gross Amount Before Specific Provisions)	-	530,408	115,326
Restructured Loans and Receivables	-	530,408	115,326
Prior Period:			
(Gross Amount Before Specific Provisions)	-	1,577	262,750
Restructured Loans and Receivables	-	1,577	262,750

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

	Group III	Group IV	Group V
Current Period	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Ending balance of prior period 31.12.2020	514,908	11,192	2,408,491
Additions in the current period (+)	8,120	169,993	478,032
Transfers from other categories of non-performing loans (+)	-	512,748	6,172
Transfers to other categories of non-performing loans (-)	512,755	6,165	-
Collections in the current period (-)	818	21,483	475,862
Write offs (-)**	-	-	211,129
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	9,455	666,285	2,205,704
Specific provisions (-)	5,115	591,117	1,993,145
Net balances on balance sheet	4,340	75,168	212,559

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

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

(**) With the decision of the top management of the Bank, it has been decided to include the project/loan of the customers in the cancellation accounts. The effect of these transactions on the NPL ratio is 22 basis points.

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

	III. Grup	IV. Grup	V. Grup
Current period:			
Ending balance of the current period (*)	-	30,622	381,584
Provision amount (-)	-	17,926	328,802
Net Balance at the balance sheet	-	12,696	52,782
Prior period:			
Ending balance of the current period	496,897	1	312,782
Provision amount (-)	452,358	-	253,025
Net balance at the balance sheet	44,539	1	59,757

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)	4,340	75,168	212,559
Loans granted to real persons and legal entities (Gross)	9,455	666,285	2,205,704
Specific provision (-)	5,115	591,117	1,993,145
Loans to real persons and legal entities (Net)	4,340	75,168	212,559
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)	47,434	6,020	363,262
Loans to real persons and legal entities (Gross)	514,908	11,192	2,408,491
Specific provision (-)	467,474	5,172	2,045,229
Loans to real persons and legal entities (Net)	47,434	6,020	363,262
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

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

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

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1.5.10.6 Information on profit share accruals, discounts 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)	78	6,288	24,792
Profit share accruals, discount and valuation differences	182	17,844	292,101
Provision (-)	104	11,556	267,309

	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, discount and valuation differences	4,485	865	319,370
Provision (-)	4,114	405	267,885

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

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1.5.12 Information on the write-off policy:

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1.6. Information on other financial assets valued at amortized cost:

1.6.1 Information on other financial assets measured at amortized cost:

	Current Period	Prior Period
Debt Securities	2,818,285	5,931,297
Quoted on a Stock Exchange	2,818,285	5,931,297
Not Quoted	-	-
Expected Credit Loss (-)	655	1,094
Total	2,817,630	5,930,203

1.6.2 Movements of other financial assets measured at amortized cost during the year:

	Current Period	Prior Period
Opening Balance	5,931,297	2,630,914
Foreign Exchange Gain/Loss	230,014	1,353,136
Purchases During the Year	136,484	1,947,247
Disposals Through Sales and Redemptions	3,479,510	-
Expected Credit Loss (-)	655	1,094
Total	2,817,630	5,930,203

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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 186 (31 December 2020 – TL 33), Swift shares amounting to TL 2,446 (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 2,755), VISA shares amounting to TL 8,410 (December 31, 2020 – TL 7,008) are classified as financial assets at fair value through other comprehensive income since the Bank’s ownership in these entities is less than 10% and the Parent Bank does not have a significant influence on these entities.

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

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

1.8 Information on subsidiaries (Net):

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

1.8.2 Information on subsidiaries:

	Title	Address (City/Country)	Bank’s share percentage, if different-voting percentage (%)	Bank’s risk group share percentage (%)
1	KT Bank AG (*)	Frankfurt/Germany	100	100
2	Neova Katılım Sigorta A.Ş.	İstanbul/Turkey	100	100
3	KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Turkey	100	100
4	KT Sukuk Varlık Kiralama A.Ş.	İstanbul/ Turkey	100	100
5	KT Portföy Yönetimi A.Ş.	İstanbul/ Turkey	100	100
6	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/ Turkey	75	78.15
7	Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş.	İstanbul/ Turkey	100	100
8	Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş.	İstanbul/ Turkey	99.99	99.99

	Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
1	8,071,158	1,442,223	14,060	-	-	6,741	6,433	-
2	3,655,595	719,765	27,671	-	-	137,627	110,762	-
3	9,533,934	337	-	-	-	27	26	-
4	667	658	-	-	-	9	6	-
5	33,526	28,664	4,662	-	-	7,562	8,866	-
6	171,336	127,668	53,524	-	-	7,629	4,229	-
7	100,599	87,507	13,091	103	4,215	34,662	32,163	-
8	51,449	47,336	6,020	-	-	2,252	5,750	-

(*) As of 30 September 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.

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Movement regarding the subsidiaries

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

(*) The capital of KT Bank AG, a subsidiary of the Bank, increased from EUR 115,000,000 (full amount) to EUR 140,000,000 (full amount) on 22 January 2020, increasing by EUR 25,000,000,000. The Bank has obtained the necessary legal permissions as of 5 May 2020. Neova Katılım Sigorta A.Ş. completed the share transfer transactions and concluded the purchase. Neova Katılım Sigorta A.Ş., which has purchased 78,864,212 shares by paying 745,860 TL with the purchase transaction, and 7% before sales increased its partnership share to 100% by owning all the shares.

Sectoral information on consolidated subsidiaries and the related carrying amounts:

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

Subsidiaries that are quoted on the stock exchange

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

1.8.3 Information on capital adequacies of major subsidiaries:

The shareholder's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of September 30, 2021 is EUR 109,405,733 (Full amount) and the capital adequacy ratio is %20.3.

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%	4,838,651	158,381	29,635	41,976	30,831

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

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1.10 Information on finance lease receivables (Net)

1.10.1 Presentation of remaining maturities of net finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	3,522,967	2,903,618	2,249,517	1,783,178
1 to 4 years	4,879,415	4,585,611	2,829,259	2,631,776
More than 4 years	818,074	784,682	622,145	596,042
Total	9,220,456	8,273,911	5,700,921	5,010,996

1.10.2 Net investments in finance leases:

	Current Period	Prior Period
Gross receivable from finance leases	9,220,455	5,700,921
Unearned finance lease income (-)	946,544	689,925
Unearned finance lease income (-)	-	-
Net receivable from finance leases	8,273,911	5,010,996

1.10.3 Information on finance lease contracts:

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations until 60 days, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non-performing finance lease receivables amounting to TL 51,290 are included in the non-performing loans in the balance sheet (31 December 2020 – TL 52,668).

1.11 Information on derivative financial assets for hedging purposes:

None (31 December 2020 – None).

1.12 Information on Tangible Assets:

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1.13 Information on Intangible Assets:

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1.14 Information on investment properties

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

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1.15 Information on deferred tax asset

As of 30 September 2021, deferred tax is offset as TL 1,159,962 in the balance sheet. The deferred tax asset is TL 1,262,421 TL (31 December 2020 – TL 835,083) and the deferred tax liability is TL 102,459 TL (31 December 2020 – TL 86,747 TL)

	Current period	Prior period
Reserve for employee benefits	38,526	47,419
Retirement pay liability	43,735	36,349
Deferred income	88,373	70,882
Impairment provision for subsidiaries, fixed assets and assets held for sale	855	1,281
Rediscounts for derivative instruments held for trading	77,487	243,384
TFRS 9 Provisions	693,736	427,891
Precious metals valuation difference	306,051	-
Difference in valuation of securities	3,087	812
Other	10,571	7,065
Deferred tax asset	1,262,421	835,083
Derivative transactions valuation differences	(46,611)	-
Tangible assets valuation differences	(11,339)	(12,724)
Financial assets valuation differences	(40,561)	(46,763)
Precious metal valuation difference	-	(23,908)
Other	(3,948)	(3,352)
Deferred tax liability	(102,459)	(86,747)
Deferred tax asset, (net)	1,159,962	748,336

Table of deferred tax asset movement:

	Current period	Prior period
As of 1 January,	748,336	358,097
Deferred tax (expense)/income	390,680	329,404
Deferred tax accounted under equity	20,946	60,835
Deferred tax asset	1,159,962	748,336

1.16 Explanations on assets held for sale and discontinued operations:

	Current period	Prior period
Opening Balance	519,087	473,326
Additions	22,889	172,426
Transfers from Tangible Asset	-	-
Disposals (-), Net	221,506	126,665
Transfer to Tangible Assets	-	-
Amortization Cost (-)	-	-
Provision for Impairment (-)	-	-
Closing Net Book Value	320,470	519,087

1.17 Information on other assets:

As of balance sheet date, the Bank's other assets amount to TL 3,081,366 (31 December 2020 – TL 9,057,981). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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SECTION FIVE

2. Explanations and notes related to liabilities

2.1 Information on funds collected

2.1.1 Information on maturity structure of funds collected:

Current period	Demand	Up to 1 months	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	13,671,938	-	-	-	-	-	-	-	13,671,938
II. Real persons profit sharing accounts TL	-	10,492,054	11,180,979	505,889	-	529,577	730,440	20,444	23,459,383
III. Other current accounts-TL	6,909,494	-	-	-	-	-	-	-	6,909,494
Public sector	232,567	-	-	-	-	-	-	-	232,567
Commercial sector	6,571,424	-	-	-	-	-	-	-	6,571,424
Other institutions	80,344	-	-	-	-	-	-	-	80,344
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	25,159	-	-	-	-	-	-	-	25,159
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	20,067	-	-	-	-	-	-	-	20,067
Participation banks	5,092	-	-	-	-	-	-	-	5,092
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	849,475	1,107,495	39,116	-	571,386	91,109	6	2,658,587
Public sector	-	303	863	723	-	21,825	-	-	23,714
Commercial sector	-	715,427	917,963	14,769	-	536,968	88,526	6	2,273,659
Other institutions	-	133,622	188,647	23,624	-	12,525	582	-	359,000
Commercial and other institutions	-	123	-	-	-	68	-	-	191
Banks and participation banks	-	-	22	-	-	-	2,001	-	2,023
V. Real persons current accounts-FC	25,106,934	-	-	-	-	-	-	-	25,106,934
VI. Real persons profit sharing accounts-FC	-	9,476,720	12,315,154	1,236,036	-	1,672,705	1,824,903	6,612	26,532,130
VII. Other current accounts-FC	11,194,320	-	-	-	-	-	-	-	11,194,320
Commercial residents in Turkey	10,336,357	-	-	-	-	-	-	-	10,336,357
Commercial residents in Abroad	641,814	-	-	-	-	-	-	-	641,814
Banks and participation banks	216,149	-	-	-	-	-	-	-	216,149
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	214,323	-	-	-	-	-	-	-	214,323
Participation banks	1,826	-	-	-	-	-	-	-	1,826
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	1,019,019	2,050,705	70,192	-	51,147	69,314	-	3,260,377
Public sector	-	6	-	-	-	-	-	-	6
Commercial sector	-	939,936	1,721,833	69,328	-	50,314	68,603	-	2,850,014
Other institutions	-	58,995	98,573	850	-	233	711	-	159,362
Commercial and other institutions	-	20,082	230,299	14	-	600	-	-	250,995
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	29,082,248	5,906,342	2,705,794	394,960	-	297,022	11,508	-	38,397,874
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	85,964,934	27,743,610	29,360,127	2,246,193	-	3,121,837	2,727,274	27,062	151,191,037

There are no 7 days notification accounts of the Bank.

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

There are no 7 days notification accounts of the Bank.

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

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

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	Prior period	Current period	Prior period
Real persons current and profit-sharing accounts that are not subject to commercial activities				
TL accounts	20,994,388	15,907,330	16,138,612	10,483,445
FC accounts	33,053,251	33,522,314	53,950,728	40,073,387
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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

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

The headquarters of the Bank is in Turkey.

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

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

	Current Period	Prior Period
Foreign branches' profit-sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit-sharing accounts of their mother, father, spouse and children in care	11,898	11,651
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

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2.2 Information on derivative financial liabilities held for trading:

Derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	8,736	4,233	23,081	2,927
Swap transactions	4,740	658,626	1,367,405	283,393
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	13,476	662,859	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	5,169,945	4,556,859	2,823,017	3,773,050
From Foreign Banks, Institutions and Funds	-	2,814,511	45,929	4,946,896
Total	5,169,945	7,371,370	2,868,946	8,719,946

2.3.2 Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	5,112,677	5,978,733	2,868,946	7,605,732
Medium and Long-Term	57,268	1,392,637	-	1,114,214
Total	5,169,945	7,371,370	2,868,946	8,719,946

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

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

2.4 Information on other liabilities and miscellaneous payables:

As of 30 September 2021, other liabilities amount to TL 1,802,990 (31 December 2020 – TL 1,034,437), sundry creditors amount to TL 1,516,659 (31 December 2020 - TL 783,731), both of them do not exceed 10% of the balance sheet total.

2.5 Information on finance lease payables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	14,315	13,621	147,042	134,673
1 to 4 years	29,356	24,806	253,354	163,081
More than 4 years	474,176	305,636	127,183	46,271
Total	517,847	344,063	527,579	344,025

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

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

None (31 December 2020 – None).

2.5.1.1. Explanations on financial leasing obligations:

None (31 December 2020 – None).

2.5.1.2. Explanations on operating lease:

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

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

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

2.6 Information on hedging derivative financial liabilities:

None (31 December 2020 – None).

2.7 Information on provisions:

2.7.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 30 September 2021, there is no foreign currency indexed loans (December 31, 2020 – TL 3) and TL 1 (December 31, 2020 – TL 87) for financial leasing receivables are offset from foreign currency depreciation of loans and leasing receivables.

2.7.2 Information on other provisions:

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified converted into cash	437,944	440,411
General Provisions for non-cash loans	223,079	165,538
Provision for profits will be allocated to participation accounts	267,626	447,552
Credit cards of banking services applications	3,003	3,237
Other (*)	123,169	95,221
Total	1,054,821	1,151,959

(*) The other item is mainly collected from customers in the current period in case of TL 50,863 (December 31, 2020 – TL 35,525) lawsuit provision, TL 6,380 (December 31, 2020 – TL 100) expense provision, TL 59,328 (December 31, 2020 – TL 56,211) delay penalties calculated for credit installments those are collected after their due dates which will be re-paid to customers in 5 years and the other provision of TL 6,589 (December 31, 2020 – TL 3,385).

2.7.3 Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 217,714 (31 December 2020 – TL 181,746), vacation pay liability amounting to TL 7,730 (31 December 2020 – TL 764), performance premium amounting to TL 76,361 (31 December 2020 – TL 135,803), retirement bonuses on payment of TL 82,077 (31 December 2020 – TL 86,659), committee fee amounting to TL 11,078 (31 December 2020 – TL 13,627) and other fees amounting to TL 292 (31 December 2020 – TL 243).

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

The amount payable consists of one month's salary limited to a maximum of TL 8,284.51 (full amount) (31 December 2020 – TL 6,730.15 (full amount)) for each year of service. The liability is not funded, as there is no funding requirement.

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

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

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

	Current Period	Prior Period
Balance at the beginning of the period	181,746	115,461
Provisions recognized during the period	45,117	30,769
Paid during the period	(9,149)	(4,704)
Actuarial loss	-	40,220
Balances at the end of the period	217,714	181,746

2.8 Explanations on tax liability:

2.8.1 Explanations on current tax liability:

2.8.1.1 Information on tax provisions: 314,320 (31 December 2020 - TL 348,052)

2.8.1.2 Information on taxes payable:

	Current Period	Prior Period
Taxation of marketable securities	36,016	26,382
Taxation of immovable property	1,068	969
Banking Insurance Transaction Tax (BITT)	37,481	30,458
Foreign Exchange Transaction Tax	15,974	23,676
Value Added Tax Payable	2,516	2,792
Income tax deducted from wages	16,928	15,010
Other	1,937	1,679
Total	111,920	100,966

2.8.1.3 Information on premiums (*):

	Current Period	Prior Period
Social Security Premiums-Employee	10,460	8,626
Social Security Premiums-Employer	11,270	9,270
Unemployment insurance-Employee	747	617
Unemployment insurance-Employer	1,620	1,484
Other	-	-
Total	24,097	19,997

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

2.8.1.4 Information on deferred tax liability:

None (31 December 2020 - None).

2.9 Information on payables related to assets held for sale:

None (31 December 2020 – None).

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2.10 Information on subordinated loans:

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

2.11 Information on shareholders' equity:

2.11.1 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.

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

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

None.

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

None.

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

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

2.11.6 Summary of privileges given to shares representing the capital:

None (31 December 2020 - None).

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2.11.7 Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	(124,149)	97,559	(81,130)	94,206
Foreign Exchange Difference	-	-	-	-
Total	(124,149)	97,559	(81,130)	94,206

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

2.12 Information on minority shares:

None (31 December 2020 – None).

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

3.1. Explanations on off-balance sheet accounts:

3.1.1 Types and amounts of irrevocable commitments: Commitment for credit card limits, as of 30 September 2021 amounts to TL 4,649,698 (31 December 2020 – TL 3,503,366); payment commitments for cheque books amounts to TL 1,732,215 (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 30 September 2021, the Bank has guarantees and surety ships constituting of TL 10,109,473 (31 December 2020 – TL 9,590,794) of letters of guarantee; TL 63,036 (31 December 2020 – TL 40,996) of acceptances and TL 2,838,971 (31 December 2020 – TL 1,685,022) of letters of credit. Also, the Bank has other acceptances amounting to TL 800,029 (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	54,608	33,229
With original maturity of 1 year or less	54,608	33,229
With original maturity of more than 1 year	-	-
Other non-cash loans	13,756,901	11,830,265
Total	13,811,509	11,863,494

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

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

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

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

3.2 Information on derivative transactions:

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

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3.3 Information on credit derivatives and their risks:

None.

3.4 Information on contingent liabilities and assets:

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

3.5 Information on services provided to other names and accounts:

None.

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

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

4. Explanations and notes related to the statement of income

4.1 Information on profit share income:

4.1.1 Information on profit share received from loans:

	Current period		Prior period	
	TL	FC	TL	FC
Profit share on loans	5,020,801	899,782	3,782,353	692,951
Short term loans	1,504,994	135,899	773,834	67,136
Medium and long-term loans	3,259,577	720,342	2,975,209	624,044
Profit share on non-performing loans	256,230	43,541	33,310	1,771
Premiums received from resource utilization support fund	-	-	-	-
Total	5,020,801	899,782	3,782,353	692,951

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	5	-	-	-
Foreign Banks	5,214	60,738	38,196	53,978
Branches and head office abroad	-	-	-	335
Total	5,219	60,738	38,196	54,313

4.1.3 Information on profit share income from securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit or Loss	49,439	120,951	63,413	174,020
Financial Assets at Fair Value Through Other Comprehensive Income	1,897,269	310,146	1,148,787	281,926
Financial Assets valued at Amortized Cost	-	74,560	-	124,170
Total	1,946,708	505,657	1,212,200	580,116

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	23,276	14,898

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4.2 Information on profit share expenses:

	Current period		Prior period	
	TL	FC	TL	FC
Banks	20,256	90,186	19,403	15,443
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	16,514	1,931	18,893	3,925
Foreign banks	3,742	88,255	510	11,518
Branches and head office abroad	-	-	-	-
Other Institutions	518,118	349,400	93,325	421,042
Total	538,374	439,586	112,728	436,485

4.2.1 Profit share expense given to associates and subsidiaries:

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	372,213	390,881

4.2.2 Profit share expense paid to securities issued:

None (1 January – 30 September 2020: None).

4.3 Information on dividend income:

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

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

Current period	Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year		
TL								
Collected funds from banks through current and profit share accounts	-	1	-	-	-	1	-	2
Real person's non-trading profit sharing Account	848,016	995,719	49,886	-	58,832	74,430	1,889	2,028,772
Public-sector profit-sharing account	27	87	72	-	68	-	-	254
Commercial sector profit sharing account	61,542	91,492	1,670	-	1,544	1,053	-	157,301
Other institutions profit sharing account	11,639	17,598	1,633	-	430	51	-	31,351
Total	921,224	1,104,897	53,261	-	60,874	75,535	1,889	2,217,680
FC								
Banks	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	47,591	61,308	6,106	-	9,597	12,120	54	136,776
Public-sector profit-sharing account	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	4,371	8,210	273	-	171	44	-	13,069
Other institutions profit sharing account	325	1,460	4	-	5	-	-	1,794
Precious metal accounts	5,910	2,776	396	-	302	-	-	9,384
Total	58,197	73,754	6,779	-	10,075	12,164	54	161,023
Grand Total	979,421	1,178,651	60,040	-	70,949	87,699	1,943	2,378,703

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Account name	Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year		
TL								
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	394,187	595,938	38,501	-	45,085	69,126	902	1,143,739
Public sector profit-sharing account	17	12	37	-	21	-	-	87
Commercial sector profit sharing account	33,318	71,483	3,411	-	1,477	1,010	-	110,699
Other institutions profit sharing account	3,453	8,142	765	-	308	113	-	12,781
Total	430,975	675,575	42,714	-	46,891	70,249	902	1,267,306
FC								
Banks	15	543	27	-	-	-	-	585
Real person's non-trading profit sharing account	29,998	49,027	7,261	-	7,569	10,657	16	104,528
Public sector profit-sharing account.	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	2,755	8,686	318	-	370	88	-	12,217
Other institutions profit sharing account	287	1,073	109	-	62	-	-	1,531
Precious metal accounts	6,780	5,273	705	-	677	-	-	13,435
Total	39,835	64,602	8,420	-	8,678	10,745	16	132,296
Grand Total	470,810	740,177	51,134	-	55,569	80,994	918	1,399,602

4.5 Information on trading income/loss (Net):

	Current period	Prior period
Trading Income/Loss	6,717	844,334
Income	53,941,664	37,932,974
Gain on capital market transactions	73,582	63,274
Gain on derivative financial instruments	5,897,469	5,933,606
Foreign exchange profit	47,970,613	31,936,094
Losses (-)	(53,934,947)	(37,088,640)
Losses on capital market transactions	(30,988)	(13,204)
Losses on derivative financial instruments	(4,822,907)	(5,626,244)
Foreign exchange losses	(49,081,052)	(31,449,192)

4.6 Information on other operating income:

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

	Current Period	Prior Period
Reversal of prior period provisions	448,040	313,179
Reversal of provisions from profit shares to be distributed to participation accounts	239,237	11,001
Income from sale of assets	122,469	64,887
Rental income	5,634	5,089
Other Income	17,977	6,102
Total	833,357	400,258

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

	Current Period (*)	Prior Period(*)
Expected Credit Loss	2,482,047	2,649,124
12 month expected credit loss (Stage 1)	597,695	652,414
Significant increase in credit risk (Stage 2)	1,238,824	1,061,065
Non-performing loans (Stage 3)	645,528	935,645
Marketable Securities Impairment Expense	1,361	16,805
Financial Assets at Fair Value through Profit or Loss	1,361	16,805
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 (**)	35,246	210,585
Total	2,518,654	2,876,514

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

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

4.8 Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability (*)	35,968	22,423
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	176,242	151,039
Impairment Expenses of intangible fixed assets	-	-
Depreciation expenses of intangible assets	37,296	25,253
Depreciation expenses of assets held for sale	-	-
Other operating expenses	298,222	285,302
Lease Expenses Regarding TFRS 16 Exemptions	393	1,689
Maintenance expenses	60,823	50,949
Advertisement expenses	18,159	17,172
Communication expenses	54,751	45,245
Heating, electricity and water expenses	20,915	19,640
Cleaning expenses	6,704	5,453
Vehicle expenses	8,712	6,085
Stationery expenses	7,275	7,523
Other expenses	120,490	131,546
Losses on sales of assets	3,515	280
Deposit insurance fund expenses	306,548	231,401
Other	174,900	139,940
Total	1,032,691	855,638

(*) Refers to the item presented as “Personnel Expenses” in the Income Statement.

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

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4.10 Information on tax provision for continued and discontinued operations:

Current period tax provision for the period amounting to TL 842,412 (1 January-30 September 2020 - TL 432,927), deferred tax income of TL 411,046 (1 January-30 September 2020 – TL 283,923) and TL 20,366 (1 January-30 September 2020 - TL 134,484) deferred tax expense is recognized.

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

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

4.12 Information on net income/loss:

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

As of 30 September 2021, net profit share income is TL 5,191,452 (1 January-30 September 2020 – TL 4,415,628), net fees and commission income is TL 403,469 (1 January-30 September 2020 – TL 255,629).

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

None (1 January – 30 September 2020 – None).

4.12.3 Profit/Loss attributable to minority interest:

None (30 September 2020 – None).

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

As of 30 September 2021, other fees and commissions received is TL 654,328 (1 January – 30 September 2020 – TL 481,719), TL 208,167 of this amount is related with credit card fees and commissions (1 January – 30 September 2020 – TL 100,879) and TL 138,944 of this amount is related with POS machine commissions (1 January – 30 September 2020 – TL 83,950).

As of 30 September 2021, other fees and commissions given is TL 354,880 (1 January – 30 September 2020 – TL 328,896), TL 161,999 (1 January – 30 September 2020 – TL 77,127) of this amount is related with POS clearing commissions and installation expenses, TL 47,820 (1 January – 30 September 2020 – TL 15,852) of this amount is related with fees and commissions paid for credit cards.

5. Explanations and disclosures related to statement of changes in shareholders' equity

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

6. Explanations and disclosures related to statement of cash flows

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

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

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

Current period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	185,615	21,015	4,695	6,709	54,992	6,632
Balance at end of period	325,837	32,599	5,172	22,605	60,412	1,633
Profit share and commission income	261	218	361	92	3,250	-

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

Prior period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	178,601	18,527	1,868	7,206	780,512	723
Balance at end of period	185,615	21,015	4,695	6,709	54,992	6,632
Profit share and commission income	62	192	158	63	3,993	-

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

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

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit-sharing accounts						
Balance at beginning of period	63,485	181,714	58,677	151,321	203,570	390,698
Balance at end of period	88,530	63,485	67,228	58,677	225,275	203,570
Profit share expense	1,114	4,890	816	832	207	304

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

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

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value through Profit or Loss						
Balance at beginning of period	240,454	75,460	716,065	607,498	-	-
Balance at end of period	1,218,205	240,454	1,345,235	716,065	-	-
Total Profit / Loss	89,434	(333)	(6,716)	(13,619)	-	-
Hedging Transactions	-	-	-	-	-	-
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

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

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Borrowings					
Balance at beginning of period	11,474,110	8,324,759	1,481,347	68,696	-	-
Balance at end of period	15,219,551	11,474,110	179,977	1,481,347	-	-
Profit share expense	371,099	385,991	2,182	11	-	-

7.5 Information on remunerations provided to top management:

Subordinated additional capital (Tier-I) sukuks amounting to USD 200,000,000 (full amount) executed by the Bank on 16/07/2019 and USD 50,000,000 (full amount) executed by the Bank on 28/09/2020 are provided by Kuwait Finance House. Kuwait Finance House owns USD 35,000,000 (full amount) of the subordinated additional capital (Tier-II) sukuk amounting to USD 350,000,000 (full amount) executed by the Bank on 16/09/2021.

7.6 Information on remunerations provided to top management:

As of 1 January - 30 September 2021, the Bank has paid TL 72,772 to top management (1 January – 30 September 2020- TL 58,510).

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

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

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 150,000 on 1 October 2021 and a maturity of 90 days with a cost of 17.75%

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 100,000 on 4 October 2021 and a maturity of 65 days with a cost of 17.26%

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 250,000 on 15 October 2021 and a maturity of 90 days with a cost of 17.75%

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 700,000 on 27 October 2021 and a maturity of 77 days with a cost of 15.88%

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SECTION SIX

OTHER EXPLANATIONS

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

SECTION SEVEN

LIMITED REVIEW REPORT

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

The unconsolidated financial statements have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated 8 November 2021 is presented preceding the financial statements.

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

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SECTION EIGHT
INTERIM ACTIVITY REPORT

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

1.1 About Kuveyt Türk

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

As of 30 September 2021, 62.24% of the Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

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1.2 Financial informations summary:

UNCONSOLIDATED BALANCE SHEET	30.09.2021	31.12.2020
CASH BALANCES AND CENTRAL BANK	42,869,812	24,647,910
BANKS	11,352,506	5,809,467
SECURITIES	37,007,698	34,565,817
LOANS AND RECEIVABLES	86,612,414	74,043,052
FINANCE LEASE RECEIVABLES (Net)	8,273,911	5,010,996
EXPECTED LOSS PROVISIONS (-)	7,227,153	5,432,653
TANGIBLE ASSETS (Net)	1,153,702	1,162,804
OTHER ASSETS	6,860,555	12,482,922
TOTAL ASSETS	186,903,445	152,290,315
FUND COLLECTED	151,191,037	122,172,984
FUNDS BORROWED	12,541,315	11,588,892
MARKETABLE SECURITIES ISSUED	-	-
FINANCE LEASE PAYABLES	344,063	344,025
SUBORDINATED LOANS	5,373,933	4,590,265
OTHER LIABILITIES	8,104,832	5,599,052
EQUITY	9,348,265	7,995,097
TOTAL LIABILITIES	186,903,445	152,290,315
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS	30.09.2021	30.09.2020
PROFIT SHARE INCOME	9,025,603	6,666,024
PROFIT SHARE EXPENSE	3,834,151	2,250,396
NET PROFIT SHARE INCOME/EXPENSE	5,191,452	4,415,628
NET FEES AND COMMISSION INCOME/EXPENSE	403,469	255,629
PERSONNEL EXPENSES	1,029,980	886,644
DIVIDEND INCOME	5,843	68
NET TRADING INCOME / LOSS	6,717	844,334
OTHER OPERATING INCOME	833,357	400,258
EXPECTED LOSS PROVISIONS (-)	2,482,047	2,649,124
OTHER PROVISION EXPENSES (-)	36,607	227,390
OTHER OPERATING EXPENSES (-)	1,032,691	833,215
INCOME/ LOSS BEFORE TAX	1,859,513	1,319,544
TAX CHARGE	451,732	283,488
CURRENT PERIOD INCOME/LOSSES	1,407,781	1,036,056

RATIOS	30.09.2021	31.12.2020
Total Loans/Total Assets*	50.77%	51.91%
Total Loans/Fund Collected*	62.76%	64.71%
Average Equity Profit **	21.65%	18.90%
Average Assets Profit **	1.11%	1.09%
Capital Adequacy Ratio	19.67%	21.26%

* Finance Lease Receivables is included in total loans.

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

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1.3 Message from the Chairman

Dear Shareholders,

The upward momentum in economic activity, which has emerged with the increase in vaccination activities for the corona virus worldwide, continues. The effects of different variant types that emerged during the epidemic process on the economy are carefully followed by the markets. With the easing of the epidemic measures, the recovery in global demand, the increase in commodity prices, supply constraints and disruptions in the supply chain continue to put pressure on inflation.

The Organization for Economic Cooperation and Development (OECD), in its September Interim Economic Outlook Report, mentioned that the increasing vaccination rates across the world vary between countries. In the report, which mentioned that countries went through different processes during the easing of epidemic conditions, it was emphasized that the increase in the number of cases with different variants had negative effects on the recovery of the global economy.

In the report, where the OECD shares its growth expectations for 2021 and 2022, the global economic growth forecast, which was announced as 5.8 percent in May, was revised to 5.7, while this figure was increased from 4.4 percent to 4.5 percent for 2022. While the growth forecast of the US economy, which was announced as 6.9 percent in the previous reporting period, was revised to 6 percent, this figure was increased from 3.6 percent to 3.9 percent for 2022. The expected growth forecast for the Eurozone for 2021 has been increased from 4.3 percent to 5.3 percent. In the report, in which Turkey's projections are also shared, the growth forecast for 2021, which was announced as 5.7, was renewed as 8.4 with an increase of 2.7 points. The Agency's 2022 growth forecast for the Turkish economy was shared as 3.1 percent.

The US Federal Reserve (FED) did not make any changes in interest rates and asset purchase programs at its meeting in September. The FED stated that it follows the developments in the labor market closely, and if the improvement in this situation continues, a reduction in asset purchases may begin this year. The fact that the FED, which closely monitors the inflation indicators, stated that it would not be in a hurry to increase the interest rates, was welcomed by the markets.

While the European Central Bank (ECB) did not make any changes in interest rates at its meeting in September, it stated that the pace of asset purchases realized within the framework of the Pandemic Emergency Asset Purchase Program could be moderately reduced compared to the last two quarters.

At the monetary policy board meeting held in September, the CBRT decided to reduce the one-week repo rate, which is the policy rate, from 19 percent to 18 percent. In its resolution, the Board emphasized that the recent rise in inflation was driven by supply-side factors such as increases in food and import prices, disruptions in supply processes, and demand developments due to opening up. It has been stated that these effects are caused by incidental factors. He emphasized that he decided to change the policy rate as a result of his analysis of the decomposition of the effects of demand factors, core inflation developments and supply shocks.

Kuveyt Türk, Turkey's leading participation finance institution, closely monitors global and local market developments, and makes its assessments from the perspective of its customers. Kuveyt Türk provides the necessary support to all its corporate and individual customers in order to be prepared for the post-pandemic period.

Introducing Turkey to the interest-free capital markets by making the first sukuk transaction of Turkey and Continental Europe in 2010, Kuveyt Türk broke new ground once again in the field of sukuk with the "Global Sustainable Tier 2 Subordinated Sukuk" for the first time in Turkey and in the world in line with the principles of participation finance. "Export". Kuveyt Türk's sustainable sukuk issuance, with a 10-year maturity of 350 million dollars and an early redemption option at the end of the 5th year, has received more than \$4.3 billion in demand across a wide geographical range, including Continental Europe, United Kingdom, America, Asia and the Gulf.

The main point that distinguishes the transaction from other sukuk issuances of Kuveyt Türk and the market is that it was carried out in an ESG (Environmental-Social-Governance/Environmental-Social-Governance) structure. Thus, the funds obtained from the certificates will be transferred to Kuveyt Türk's green and social projects throughout the term of the sukuk. Relevant projects will be selected in accordance with participation finance principles, as well as Kuveyt Türk's Sustainable Finance Scope Document and the second-party opinion received from a global environmental consultancy firm. Sustainable sukuk issuance with an ESG structure also demonstrates the support of Kuveyt Türk, which has a strong SME portfolio and is also one of the sector leaders in renewable energy funding, for both green and social funding.

The source obtained from sustainable sukuk will be utilized in green and social project financing, especially in renewable energy financing. Kuveyt Türk will continue to increase its sustainable-themed resource diversity and funding in this area where it has taken a solid step.

Our expert, well-educated, self-sacrificing, young and dynamic employees are the carriers of our success in the operating period of 2021, as well. I would like to express my gratitude to all our employees who contributed to our success and to our stakeholders for their unwavering support.

Regards,

Hamad Abdulmohsen ALMARZOUQ

Head of the BOD

Kuveyt Türk Katılım Bankası

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

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

1.4 Message from the General Manager

Dear Shareholders,

The global recovery we observed in the first half of the year continued in the third quarter of the year, with the increase in vaccination rates worldwide and the continuation of supportive policies. Despite the increase in vaccination rates, the different variants seen during the epidemic keep the concerns on global activities strong. The rapid increase in global demand, high commodity prices and supply constraints in different sectors, especially in the energy sector, cause producer and consumer prices to rise. These developments are carefully followed by central banks and markets.

Turkey's leading participation finance institution, Kuveyt Türk continued to offer innovative products and services to its customers in the third quarter, focusing on customer satisfaction and experience. It has solved the financial needs of its customers quickly and reliably through digital channels, thanks to its strong technological infrastructure.

Providing interest-free financial services to its customers for 32 years with the products and services it has developed in line with the principles of participation finance, Kuveyt Türk continued its steady growth by increasing its profitability in the third quarter of 2021, increasing its net profit by 35.88 percent compared to the same period of the previous year, reaching 1 billion 408 million TL. The size of the funds collected by Kuveyt Türk reached 151 billion 191 million TL with an increase of 23.75percent compared to 2020, while the size of the funds allocated increased to 94 billion 886 million TL with an increase of 20 percent. Reaching its shareholders' equity to 9 billion 348 million TL and its asset size to 186 billion 903 million TL, Kuveyt Türk strengthened its position in the first place among participation finance institutions in terms of asset size, while maintaining its 10th place in the banking sector.

Standing out with its innovative products and services, Kuveyt Türk broke new ground in the participation finance sector and became the first participation finance institution to be included in the Miles&Smiles partnership with the agreement it signed with Turkish Airlines, the flag carrier of our country, and Mastercard. In addition to the Miles&Smiles credit cards it will offer to its individual and corporate customers, Kuveyt Türk has also launched a debit card that earns miles, breaking new ground in the sector. Kuveyt Türk broke new ground in the sector with the Miles&Smiles Kuveyt Türk Business credit card offered to its commercial customers.

Miles&Smiles Kuveyt Türk Business card can be used by commercial companies for the first time as well as individual companies. In addition, the card stands out with its structure that earns miles with additional cards connected to the main card for the partners and employees of the companies. Thus, expenditures made on behalf of the company can be managed with additional cards and miles can be earned from expenditures made. With the Miles&Smiles cards offered to customers with the motto of "Another experience, another you", Kuveyt Türk aims to contribute to the transformation of every journey into a meaningful experience that leaves a mark.

Believing that customer satisfaction is a natural result of employee satisfaction since the first day it was founded, Kuveyt Türk shapes its human resources policy in line with this understanding. It attaches great importance to providing a happy and peaceful working environment to all its employees with its processes that enable more than 6,000 employees to say "I'm glad I'm from Kuveyt Turk". Acting on the principle of "people first, employee first" in business processes, Kuveyt Türk achieved a significant success for Turkey in the third quarter, and was awarded the Best Place in Europe by the Great Place to Work Institute, which is recognized as one of the world's expert authorities in measuring workplace culture and employee experience. Employer award. Thus, Kuveyt Türk became the first Turkish company to be selected as Europe's best employer.

Kuveyt Türk established the Lonca Entrepreneurship Center in 2017 to support projects with technology-oriented business ideas and to help ideas become added value quickly. In this period, KT Portföy Yönetimi A.Ş., a 100 percent subsidiary of Kuveyt Türk. Lonca Venture Capital Investment Fund was established by The fund aims to make early-stage and growth-stage investments in technology-focused scalable startups. Kuveyt Türk, as the first investor in the related fund, provided a resource of 25 million TL.

Kuveyt Türk, with its strong capital and liquidity structure, high asset quality, dynamic corporate management approach, customer service model focused on continuous development, ongoing investments in technology, accelerated digital transformation efforts and overseas expansion, will be the leading institution of the participation finance sector in Turkey in the coming period. aims to remain.

Regards,

Ufuk UYAN

Member of BOD and General Manager

Kuveyt Türk Katılım Bankası

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1.5 Financial position, performance and assessment of the prospects for the future

As of 30 September 2021, unconsolidated financial statements asset size is TL 186 billion 903 million, amount of the utilization of funds is TL 94 billion 886 million and funds collected amount is TL 151 billion 191 million. Due to the effect of the first nine months' profit of TL 1 billion 408 million thousand, the ratio of shareholder equity increased 16.92% by reaching TL 9 billion 348 million. As of 30 September 2021, unconsolidated capital adequacy ratio has been realized as 19.67%.

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

1.6 Announcement regarding important developments within 3 months

Bank, KT Lease Certificates Varlık Kiralama A.Ş. has issued sukuk with a total nominal value of 4 billion 885 million TL, with a minimum 17.56% and a maximum 18.74% cost in different maturity brackets in fourteen separate transactions.

1.7 Assessment of the expectations related to the subsequent interim period

Although the acceleration in vaccination worldwide and the reduction of restriction measures support the recovery in the global economy, the significant increase in the number of cases with the effect of different variants seen in the course of the epidemic poses a downside risk in the recovery process. Experiencing global supply problems, increase in commodity prices and supply constraints observed in different sectors cause producer and consumer prices to rise more than expected. The impact of this process on the markets in the coming period will remain significant and will continue to be closely monitored.