

# **Kuveyt Türk Katılım Bankası Anonim Şirketi**

**Consolidated Financial Statements and Notes for The Period  
Ended 1 January-30 September 2021 with Independent Auditor's  
Review Report**

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

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

## **REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

### ***Introduction***

We have reviewed the consolidated statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. (the “Bank”) and its subsidiaries (collectively referred as the “Group”) at September 30, 2021 and the related consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Group Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated interim financial information based on our review.

### ***Scope of Review***

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

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the consolidated financial position of the Group at September 30, 2021, and the results of its operations and its consolidated 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 consolidated 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  
İstanbul, Turkey

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

Address of the head office : Büyükdere Cad. No: 129/1 34394 Esentepe-Şişli / İSTANBUL  
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Web page : www.kuveytturk.com.tr  
E-mail address : kuveytturk@kuveytturk.com.tr

The consolidated 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 Parent Bank
- Consolidated Financial Statements of The Parent Bank
- Explanations on Accounting Policies Applied in The Period
- Information on Financial Structure of the Group Which Is Under Consolidation
- Disclosures and Explanations on Consolidated Financial Statements
- Other Explanations
- Independent Auditors' Limited Review Report
- Consolidated Interim Activity Report

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

	<b>Subsidiaries</b>	<b>Associates</b>	<b>Jointly-Controlled Partners</b>
1.	KT Sukuk Varlık Kiralama A.Ş.		Katılım Emeklilik ve Hayat A.Ş.
2.	KT Kira Sertifikaları Varlık Kiralama A.Ş.		
3.	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.		
4.	KT Bank AG.		
5.	KT Portföy Yönetimi A.Ş.		
6.	Neova Katılım Sigorta A.Ş.		
7.	KT Portföy Kuveyt Türk Yabancı Katılım Serbest Özel Fon		

The consolidated 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.

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Hamad Abdulmohsen AL-MARZOUQ  
Chairman of the Board of Directors

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Shadi Ahmed Yacoub ZAHKAN  
Chairman of the Audit  
Committee

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Nadir ALPASLAN  
Member of the Audit Committee

---

Mohamed Hedi MEJAI  
Member of the Audit  
Committee

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Ufuk UYAN  
General Manager

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Ahmet KARACA  
Chief Financial Officer

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Cemil AKBEBEK  
Official and International  
Reporting Manager

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

Name-Surname/Position: Mustafa ERDEM / Senior Official Reporting Manager  
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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 Parent Bank including its incorporation date, initial legal status and amendments to legal status:**

Kuveyt Türk Katılım Bankası A.Ş. (“The Bank”) was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 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.

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

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

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

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

Name	Title	Date of Assignment	Date of Audit Committee Assignments	Audit Committee End Date	Educational Degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Head of the BOD	25/06/2014			Master	-
Shadi Ahmed Yacoub ZAHRAN	Member of BOD and chairman of the audit committee	25/09/2020	04/11/2020		Master	-
Nadir ALPASLAN	Vice President of BOD and member of Audit Committee	15/04/2011	24/12/2019		Bachelor	-
Salah A E AL MUDHAF	Member of BOD	07/10/2019			Bachelor	-
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**

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

As of 30 September 2021, the shares of parent shareholder of Parent Bank, Kuwait Finance House (“KFH”) are 52.45% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

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

The Parent Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Parent Bank’s core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts and lending such funds to its customers. As of 30 September 2021, the Group is operating through 448 domestic branches (31 December 2020 – 440) with 6,688 employees (31 December 2020 – 6,552). Summary of some of the Parent Bank’s operations described in the Articles of Association are as follows:

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

The Parent Bank’s activities are not limited to the list above. If another transaction is decided to be beneficial to the Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association. Disclosures on the differences between the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the consolidation transactions made in accordance with the Turkish Accounting Standards and the entities subject to full or proportionate consolidation, deducted from equity or not included in these three methods: According to the Communiqué on the Preparation of the Consolidated Financial Statements of Banks, only While financial partnerships are included in the scope of consolidation, all financial and non-financial partnerships should be included in the scope of consolidation in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards.

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

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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



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

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

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

ASSETS	Notes	Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>18,949,628</b>	<b>72,878,761</b>	<b>91,828,389</b>	<b>18,713,223</b>	<b>42,715,415</b>	<b>61,428,638</b>
<b>1.1. Cash and Cash Equivalents</b>		<b>2,798,644</b>	<b>53,675,455</b>	<b>56,474,099</b>	<b>2,258,436</b>	<b>30,222,312</b>	<b>32,480,748</b>
1.1.1. Cash and Balances with Central Bank	(5.1.1.)	2,354,169	41,157,392	43,511,561	1,144,427	23,966,543	25,110,970
1.1.2. Banks	(5.1.3.)	444,952	12,521,368	12,966,320	1,114,456	6,256,097	7,370,553
1.1.3. Money Markets Placements		-	-	-	-	-	-
1.1.4. Expected Credit Loss (-)		477	3,305	3,782	447	328	775
<b>Financial Assets at Fair Value Through Profit or Loss</b>		<b>277,785</b>	<b>8,050,864</b>	<b>8,328,649</b>	<b>942,789</b>	<b>6,820,410</b>	<b>7,763,199</b>
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		159,236	1,130,661	1,289,897	627,138	85,063	712,201
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5.1.4.)	<b>15,658,256</b>	<b>10,879,441</b>	<b>26,537,697</b>	<b>15,383,452</b>	<b>5,339,633</b>	<b>20,723,085</b>
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		8,542	51,868	60,410	8,741	40,405	49,146
1.3.3. Other Financial Assets		127,324	123,079	250,403	75,105	109,196	184,301
<b>1.4. Derivative Financial Assets</b>	(5.1.2.)	<b>214,943</b>	<b>273,001</b>	<b>487,944</b>	<b>128,546</b>	<b>333,060</b>	<b>461,606</b>
1.4.1. Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.2.)	214,943	273,001	487,944	128,546	333,060	461,606
1.4.2. Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.11.)	-	-	-	-	-	-
<b>FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)</b>	(5.1.5.)	<b>48,774,297</b>	<b>47,520,413</b>	<b>96,294,710</b>	<b>51,153,513</b>	<b>32,863,417</b>	<b>84,016,930</b>
<b>2.1. Loans</b>	(5.1.10.)	<b>50,659,461</b>	<b>41,101,758</b>	<b>91,761,219</b>	<b>52,228,594</b>	<b>25,726,231</b>	<b>77,954,825</b>
<b>2.2. Leasing Receivables</b>	(5.1.10.)	<b>2,696,281</b>	<b>5,577,630</b>	<b>8,273,911</b>	<b>2,360,266</b>	<b>2,650,730</b>	<b>5,010,996</b>
<b>Financial Assets Measured At Amortized Cost</b>	(5.1.6.)	<b>276,095</b>	<b>3,225,901</b>	<b>3,501,996</b>	<b>268,323</b>	<b>6,231,487</b>	<b>6,499,810</b>
2.3.1. Government Debt Securities		276,095	3,019,806	3,295,901	268,323	6,049,489	6,317,812
2.3.2. Other Financial Assets		-	206,095	206,095	-	181,998	181,998
<b>2.4. Expected Credit Loss (-)</b>		<b>4,857,540</b>	<b>2,384,876</b>	<b>7,242,416</b>	<b>3,703,670</b>	<b>1,745,031</b>	<b>5,448,701</b>
<b>PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(Net)</b>	(5.1.16.)	<b>320,470</b>	<b>-</b>	<b>320,470</b>	<b>519,087</b>	<b>-</b>	<b>519,087</b>
3.1. Held For Sale		320,470	-	320,470	519,087	-	519,087
3.2. Related to Discontinued Operations		-	-	-	-	-	-
<b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>105,979</b>	<b>-</b>	<b>105,979</b>	<b>84,991</b>	<b>-</b>	<b>84,991</b>
<b>4.1. Investments in Associates (Net)</b>	(5.1.7.)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1. Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2. Unconsolidated Associates		-	-	-	-	-	-
<b>4.2. Investment in Subsidiaries (Net)</b>	(5.1.8.)	<b>23,680</b>	<b>-</b>	<b>23,680</b>	<b>23,680</b>	<b>-</b>	<b>23,680</b>
4.2.1. Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2. Unconsolidated Non-Financial Subsidiaries		23,680	-	23,680	23,680	-	23,680
<b>4.3. Investment in Joint Ventures (Net)</b>	(5.1.9.)	<b>82,299</b>	<b>-</b>	<b>82,299</b>	<b>61,311</b>	<b>-</b>	<b>61,311</b>
4.3.1. Joint Ventures Valued Based on Equity Method		82,299	-	82,299	61,311	-	61,311
4.3.2. Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.12.)	<b>932,128</b>	<b>15,223</b>	<b>947,351</b>	<b>909,226</b>	<b>14,856</b>	<b>924,082</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.13.)	<b>229,075</b>	<b>77,547</b>	<b>306,622</b>	<b>195,884</b>	<b>77,261</b>	<b>273,145</b>
6.1. Goodwill		-	-	-	-	-	-
6.2. Other		229,075	77,547	306,622	195,884	77,261	273,145
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.14.)	<b>52,470</b>	<b>-</b>	<b>52,470</b>	<b>77,457</b>	<b>-</b>	<b>77,457</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.15.)	<b>1,183,035</b>	<b>80,524</b>	<b>1,263,559</b>	<b>761,880</b>	<b>73,642</b>	<b>835,522</b>
<b>X. OTHER ASSETS</b>	(5.1.17.)	<b>2,506,441</b>	<b>1,669,328</b>	<b>4,175,769</b>	<b>1,710,414</b>	<b>8,326,847</b>	<b>10,037,261</b>
<b>TOTAL ASSETS</b>		<b>73,053,523</b>	<b>122,241,796</b>	<b>195,295,319</b>	<b>74,125,675</b>	<b>84,071,438</b>	<b>158,197,113</b>

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

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

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

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

LIABILITIES		Notes	Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>FUNDS COLLECTED</b>	(5.2.1.)	46,672,006	110,501,251	157,173,257	33,478,939	93,215,622	126,694,561
<b>II.</b>	<b>FUNDS BORROWED</b>	(5.2.3.)	174,785	2,754,525	2,929,310	175,272	5,029,049	5,204,321
<b>III.</b>	<b>MONEY MARKETS</b>		2,344,455	-	2,344,455	185,225	-	185,225
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>		4,569,181	4,118,019	8,687,200	1,821,975	3,337,298	5,159,273
<b>V.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>		13,476	662,685	676,161	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	662,685	676,161	1,390,486	286,320	1,676,806
6.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.7.)	-	-	-	-	-	-
<b>VII.</b>	<b>LEASE PAYABLES</b>	(5.2.6.)	353,494	630	354,124	345,320	3,974	349,294
<b>VIII.</b>	<b>PROVISIONS</b>	(5.2.8.)	3,460,784	480,732	3,941,516	3,316,160	406,642	3,722,802
8.1.	Restructuring Provision		-	-	-	-	-	-
8.2.	Reserves For Employee Benefits		412,971	4,047	417,018	436,440	1,014	437,454
8.3.	Insurance For Technical Provision (Net)		2,460,405	-	2,460,405	2,118,814	-	2,118,814
8.4.	Other Provisions		587,408	476,685	1,064,093	760,906	405,628	1,166,534
<b>IX.</b>	<b>CURRENT TAX LIABILITIES</b>	(5.2.9.1.)	366,901	2,111	369,012	388,013	1,857	389,870
<b>X.</b>	<b>DEFERRED TAX LIABILITIES</b>		-	-	-	-	-	-
	<b>LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.2.10.)	-	-	-	-	-	-
<b>XI.</b>	<b>SUBORDINATED DEBT</b>		-	-	-	-	-	-
11.1.	Held For Sale		-	-	-	-	-	-
11.2.	Related to Discontinued Operations		-	-	-	-	-	-
<b>XII.</b>	<b>INSTRUMENTS</b>	(5.2.11.)	-	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
<b>XIII.</b>	<b>OTHER LIABILITIES</b>	(5.2.5.)	2,219,237	1,514,403	3,733,640	1,624,489	569,393	2,193,882
<b>XIV.</b>	<b>SHAREHOLDERS' EQUITY</b>	(5.2.12.)	9,738,280	(25,569)	9,712,711	8,064,461	(33,647)	8,030,814
14.1.	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2.	Capital Reserves		26,399	-	26,399	26,399	-	26,399
14.2.1.	Share Premiums		24,525	-	24,525	24,525	-	24,525
14.2.2.	Share Cancellation Profits		1,874	-	1,874	1,874	-	1,874
14.2.3.	Other Capital Reserves		-	-	-	-	-	-
14.3.	Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(51,258)	-	(51,258)	(51,258)	-	(51,258)
14.4.	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		3,047	87,881	90,928	23,115	86,143	109,258
14.5.	Profit Reserves		3,404,645	-	3,404,645	1,996,805	-	1,996,805
14.5.1.	Legal Reserves		389,701	-	389,701	310,296	-	310,296
14.5.2.	Statutory Reserves		-	-	-	-	-	-
14.5.3.	Extraordinary Reserves		2,936,850	-	2,936,850	1,617,135	-	1,617,135
14.5.4.	Other Profit Reserves		78,094	-	78,094	69,374	-	69,374
14.6.	Profit or Loss		1,728,398	(113,450)	1,614,948	1,444,265	(119,790)	1,324,475
14.6.1.	Retained Earnings		30,610	(119,790)	(89,180)	(295,348)	(126,315)	(421,663)
14.6.2.	Net Profit for the Period		1,697,788	6,340	1,704,128	1,739,613	6,525	1,746,138
14.7.	Minority Shares	(5.2.13.)	31,918	-	31,918	30,004	-	30,004
	<b>TOTAL LIABILITIES</b>		<b>69,912,599</b>	<b>125,382,720</b>	<b>195,295,319</b>	<b>50,790,340</b>	<b>107,406,773</b>	<b>158,197,113</b>

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OFF-BALANCE SHEET ITEMS AS OF 30 SEPTEMBER 2021**  
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

**2. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**

			Reviewed Current Period 30.09.2021			Audited Prior Period 31.12.2020		
		Notes	TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>70,233,919</b>	<b>77,394,270</b>	<b>147,628,189</b>	<b>86,647,683</b>	<b>77,863,364</b>	<b>164,511,047</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	(5.3.1.)	<b>8,247,879</b>	<b>5,553,378</b>	<b>13,801,257</b>	<b>7,465,311</b>	<b>4,396,022</b>	<b>11,861,333</b>
1.1.	Letters of Guarantee		7,478,382	2,620,839	10,099,221	6,992,772	2,595,861	9,588,633
1.1.1.	Guarantees Subject to State Tender Law		212,031	31,670	243,701	210,252	41,900	252,152
1.1.2.	Guarantees Given For Foreign Trade Operations		437,274	35,366	472,640	408,225	60,079	468,304
1.1.3.	Other Letters of Guarantee		6,829,077	2,553,803	9,382,880	6,374,295	2,493,882	8,868,177
1.2.	Bank Loans		8,908	54,128	63,036	5,503	35,493	40,996
1.2.1.	Import Letter of Acceptances		8,908	54,128	63,036	5,503	35,493	40,996
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		15,710	2,823,261	2,838,971	14,424	1,670,598	1,685,022
1.3.1.	Documentary Letters of Credit		-	1,263,650	1,263,650	-	756,822	756,822
1.3.2.	Other Letters of Credit		15,710	1,559,611	1,575,321	14,424	913,776	928,200
1.4.	Guaranteed Refinancing		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		744,879	55,150	800,029	452,612	94,070	546,682
1.7.	Other Warrantees		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	(5.3.1.)	<b>57,396,461</b>	<b>4,621,346</b>	<b>62,017,807</b>	<b>54,000,887</b>	<b>2,299,498</b>	<b>56,300,385</b>
2.1.	Irrevocable Commitments		8,336,840	4,621,346	12,958,186	6,228,293	2,299,498	8,527,791
2.1.1.	Forward Asset Purchase and Sales Commitments		1,052,074	4,621,346	5,673,420	776,088	2,299,498	3,075,586
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3.	Loan Granting Commitments		882,093	-	882,093	555,059	-	555,059
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments For Reserve Deposits Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitments For Checks		1,732,215	-	1,732,215	1,372,786	-	1,372,786
2.1.7.	Tax and Fund Liabilities From Export Commitments		-	-	-	-	-	-
2.1.8.	Commitments For Credit Card Expenditure Limits		4,649,698	-	4,649,698	3,503,366	-	3,503,366
2.1.9.	Commitments For Credit Cards and Banking Services Promotions		3,003	-	3,003	3,237	-	3,237
2.1.10.	Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11.	Payables For Short Sale Commitments		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		17,757	-	17,757	17,757	-	17,757
2.2.	Revocable Commitments		49,059,621	-	49,059,621	47,772,594	-	47,772,594
2.2.1.	Revocable Loan Granting Commitments		49,059,621	-	49,059,621	47,772,594	-	47,772,594
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>4,589,579</b>	<b>67,219,546</b>	<b>71,809,125</b>	<b>25,181,485</b>	<b>71,167,844</b>	<b>96,349,329</b>
3.1	Derivative Financial Instruments Held For Risk Management		-	-	-	-	-	-
3.1.1.	Fair Value Hedges		-	-	-	-	-	-
3.1.2.	Cash Flow Hedges		-	-	-	-	-	-
3.1.3.	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held For Trading Transactions		4,589,579	67,219,546	71,809,125	25,181,485	71,167,844	96,349,329
3.2.1	Forward Foreign Currency Buy/Sell Transactions		472,033	1,312,277	1,784,310	1,083,945	1,651,269	2,735,214
3.2.1.1	Forward Foreign Currency Buy Transactions		341,097	562,075	903,172	785,976	604,362	1,390,338
3.2.1.2	Forward Foreign Currency Sell Transactions		130,936	750,202	881,138	297,969	1,046,907	1,344,876
3.2.2	Other Forward Buy/Sell Transactions		4,117,546	65,907,269	70,024,815	24,097,540	69,516,575	93,614,115
3.3	Other		-	-	-	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGES SECURITIES (IV+V+VI)</b>		<b>584,845,152</b>	<b>236,110,255</b>	<b>820,955,407</b>	<b>478,587,067</b>	<b>203,218,899</b>	<b>681,805,966</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>19,678,564</b>	<b>24,032,969</b>	<b>43,711,533</b>	<b>13,171,821</b>	<b>20,387,564</b>	<b>33,559,385</b>
4.1.	Customers' Securities Held		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		6,746,154	4,318,825	11,064,979	3,145,487	7,054,819	10,200,306
4.3.	Checks Received for Collection		11,128,810	1,731,543	12,860,353	8,485,888	1,082,506	9,568,394
4.4.	Commercial Notes Received for Collection		1,803,600	390,472	2,194,072	1,540,446	312,851	1,853,297
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		-	17,592,129	17,592,129	-	11,937,388	11,937,388
<b>V.</b>	<b>PLEDGED ITEMS</b>		<b>565,154,949</b>	<b>211,972,883</b>	<b>777,127,832</b>	<b>465,403,607</b>	<b>182,743,974</b>	<b>648,147,581</b>
5.1.	Marketable Securities		334,602	-	334,602	149,465	-	149,465
5.2.	Guarantee Notes		101,097	3,592,432	3,693,529	101,128	2,996,008	3,097,136
5.3.	Commodity		19,378,141	1,221,936	20,600,077	14,297,126	913,904	15,211,030
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		155,146,159	4,330,794	159,476,953	147,051,571	3,715,371	150,766,942
5.6.	Other Pledged Items		390,194,950	202,827,721	593,022,671	303,804,317	175,118,691	478,923,008
5.7.	Pledged Items-Depository		-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED GUARANTEES AND WARRANTIES</b>		<b>11,639</b>	<b>104,403</b>	<b>116,042</b>	<b>11,639</b>	<b>87,361</b>	<b>99,000</b>
	<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>655,079,071</b>	<b>313,504,525</b>	<b>968,583,596</b>	<b>565,234,750</b>	<b>281,082,263</b>	<b>846,317,013</b>

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

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

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

**3. CONSOLIDATED 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
<b>INCOME AND EXPENSE TABLE</b>		<b>Notes</b>				
<b>I.</b>	<b>PROFIT SHARE INCOME</b>	<b>(5.4.1.)</b>	<b>9,324,621</b>	<b>3,337,954</b>	<b>6,878,846</b>	<b>2,681,919</b>
1.1.	Profit Share on Loans		6,034,976	2,185,597	4,547,823	1,626,964
1.2.	Profit Share on Reserve Deposits		151,069	67,104	24,703	12,659
1.3.	Profit Share on Banks		172,395	44,486	162,669	33,382
1.4.	Profit Share on Money Market Placements		-	-	-	-
1.5.	Profit Share on Marketable Securities Portfolio		2,528,865	887,761	1,860,639	903,586
1.5.1.	Fair Value Through Profit or Loss		170,100	55,445	257,720	103,330
1.5.2.	Fair Value Through Other Comprehensive Income		2,206,874	774,084	1,445,004	736,970
1.5.3.	Measured at Amortised Cost		151,891	58,232	157,915	63,286
1.6.	Finance Lease Income		385,464	148,215	244,690	93,015
1.7.	Other Profit Share Income		51,852	4,791	38,322	12,313
<b>II.</b>	<b>PROFIT SHARE EXPENSE</b>		<b>3,824,710</b>	<b>1,491,323</b>	<b>2,248,696</b>	<b>810,761</b>
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	2,394,340	941,576	1,405,928	424,849
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	293,991	90,003	283,320	109,724
2.3.	Profit Share Expense on Money Market Borrowings		441,241	173,108	254,205	173,786
2.4.	Expense on Securities Issued		657,781	274,537	257,756	88,207
2.5.	Profit Share Expense on Lease		37,357	12,099	47,487	14,195
2.6.	Other Profit Share Expense		-	-	-	-
<b>III.</b>	<b>NET PROFIT SHARE INCOME (I - II)</b>		<b>5,499,911</b>	<b>1,846,631</b>	<b>4,630,150</b>	<b>1,871,158</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>350,019</b>	<b>135,583</b>	<b>184,811</b>	<b>58,674</b>
4.1.	Fees And Commissions Received		862,889	333,305	638,030	222,785
4.1.1.	Non-Cash Loans		104,036	35,904	133,361	43,252
4.1.2.	Other	(5.4.13.)	758,853	297,401	504,669	179,533
4.2.	Fees And Commissions Paid		512,870	197,722	453,219	164,111
4.2.1.	Non-Cash Loans		14,276	5,125	10,006	4,671
4.2.2.	Other	(5.4.13.)	498,594	192,597	443,213	159,440
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(5.4.3.)</b>	<b>5,843</b>	<b>-</b>	<b>68</b>	<b>60</b>
<b>VI.</b>	<b>NET TRADING INCOME / LOSS</b>	<b>(5.4.5.)</b>	<b>260,623</b>	<b>46,340</b>	<b>1,122,181</b>	<b>235,801</b>
6.1.	Capital Market Transaction Gains/Losses		45,756	(19,912)	50,070	(1,913)
6.2.	Gains/Losses From Derivative Financial Instruments		1,152,192	288,284	308,569	773,502
6.3.	Foreign Exchange Gains/Losses		(937,325)	(222,032)	763,542	(535,788)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5.4.6.)</b>	<b>1,895,525</b>	<b>495,007</b>	<b>1,290,285</b>	<b>444,605</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME/LOSS(III+IV+V+VI+VII+ VIII)</b>		<b>8,011,921</b>	<b>2,523,561</b>	<b>7,227,495</b>	<b>2,610,298</b>
<b>IX.</b>	<b>EXPECTED LOSS PROVISIONS (-)</b>	<b>(5.4.7.)</b>	<b>2,488,826</b>	<b>775,023</b>	<b>2,654,574</b>	<b>1,074,235</b>
<b>X.</b>	<b>OTHER PROVISIONS (-)</b>	<b>(5.4.7.)</b>	<b>39,615</b>	<b>2,348</b>	<b>238,229</b>	<b>97,953</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>	<b>(5.4.8.)</b>	<b>1,167,915</b>	<b>380,397</b>	<b>987,129</b>	<b>311,801</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(5.4.8.)</b>	<b>2,069,951</b>	<b>773,396</b>	<b>1,654,814</b>	<b>539,654</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (IX-X-XI)</b>		<b>2,245,614</b>	<b>592,397</b>	<b>1,692,749</b>	<b>586,655</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>20,988</b>	<b>7,069</b>	<b>15,416</b>	<b>5,977</b>
<b>XV.</b>	<b>INCOME / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)</b>	<b>(5.4.9.)</b>	<b>2,266,602</b>	<b>599,466</b>	<b>1,708,165</b>	<b>592,632</b>
<b>XVII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(5.4.10)</b>	<b>540,920</b>	<b>152,893</b>	<b>355,768</b>	<b>119,639</b>
18.1.	Current Tax Provision		911,354	330,402	472,248	145,773
18.2.	Deferred Tax Expense Effect (+)		50,177	(5,700)	192,641	33,750
18.3.	Deferred Tax Income Effect (-)		420,611	171,809	309,121	59,884
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(5.4.11.)</b>	<b>1,725,682</b>	<b>446,573</b>	<b>1,352,397</b>	<b>472,993</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
20.1.	Income on Non-Current Assets Held For Sale		-	-	-	-
	Income on Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
20.2.	Income on Other Discontinued Operations		-	-	-	-
20.3.	Income on Other Discontinued Operations		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1.	Expenses From Non-Current Assets Held For Sale		-	-	-	-
	Expenses From Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
21.2.	Expenses From Other Discontinued Operations		-	-	-	-
21.3.	Expenses From Other Discontinued Operations		-	-	-	-
<b>XXII.</b>	<b>PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XXI-XXII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1.	Current Tax Provision		-	-	-	-
23.2.	Deferred Tax Expense Effect (+)		-	-	-	-
23.3.	Deferred Tax Income Effect (-)		-	-	-	-
<b>XXIV.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXIII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	<b>(5.4.12.)</b>	<b>1,725,682</b>	<b>446,573</b>	<b>1,352,397</b>	<b>472,993</b>
25.1.	Group's Income/Loss		1,704,128	399,539	1,342,862	474,443
25.2.	Minority Interest Income/Loss (-)		21,554	47,034	9,535	(1,450)
	Earnings Per Share Income/Loss		-	-	-	-

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

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

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

**4. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		Reviewed Current Period 30.09.2021	Reviewed Prior Period 30.09.2020
<b>I.</b>	<b>CURRENT PROFIT (LOSS)</b>	<b>1,725,682</b>	<b>1,352,397</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(18,330)</b>	<b>(248,293)</b>
2.1	<b>Other Comprehensive Income Not Reclassified Through Profit Or Loss</b>	-	-
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	<b>Other Comprehensive Income Reclassified Through Profit Or Loss</b>	<b>(18,330)</b>	<b>(248,293)</b>
2.2.1	Foreign Currency Translation Difference	130,044	261,833
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	(129,964)	(264,351)
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	46,939	158,393
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>1,707,352</b>	<b>1,104,104</b>

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



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 30 SEPTEMBER 2021**

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

**6. CONSOLIDATED STATEMENT OF CASH FLOWS**

			Reviewed Current Period	Reviewed Prior Period
		Notes	01.01.2021- 30.09.2021	01.01.2020- 30.09.2020
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating Profit Before Changes in Assets And Liabilities From Banking Operations</b>		<b>2,922,407</b>	<b>3,403,863</b>
1.1.1	Profit Share Income Received		7,853,435	5,527,714
1.1.2	Profit Share Expense Paid		(3,823,666)	(2,249,661)
1.1.3	Dividends Received		5,843	68
1.1.4	Fees And Commissions Received		832,227	638,030
1.1.5	Other Income		1,597,314	2,917,525
1.1.6	Collections From Previously Written Off Loans		528,529	216,310
1.1.7	Payments to Personnel And Service Suppliers		(1,147,479)	(991,662)
1.1.8	Taxes Paid		(723,617)	(740,441)
1.1.9	Others		(2,200,179)	(1,914,020)
<b>1.2</b>	<b>Changes in Assets And Liabilities From Banking Operations</b>		<b>8,427,014</b>	<b>3,707,474</b>
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		224,791	(3,146,162)
1.2.2	Net (Increase) Decrease in Due From Banks And Other Financial Institutions		(4,717,965)	(9,700,244)
1.2.3	Net (Increase) Decrease in Loans		(14,166,775)	(18,881,344)
1.2.4	Net (Increase) Decrease in Other Assets		5,000,078	(345,479)
1.2.5	Net Increase (Decrease) in Bank Deposits		394,490	631,694
1.2.6	Net Increase (Decrease) in Other Deposits		20,671,043	23,760,567
	Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		(174)	(28)
1.2.7				
1.2.8	Net Increase (Decrease) in Funds Borrowed		(2,877,908)	1,472,805
1.2.9	Net Increase (Decrease) in Due Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities		3,899,434	9,915,665
<b>I.</b>	<b>Net Cash Provided From / (Used in) Banking Operations</b>		<b>11,349,421</b>	<b>7,111,337</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided From / (Used in) Investing Activities</b>		<b>(1,513,153)</b>	<b>(21,023,568)</b>
2.1	Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.2	Cash Obtained From Sale of Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.3	Fixed Assets Purchases		(201,013)	(59,229)
2.4	Fixed Assets Sales		46,161	3,928
2.5	Cash Paid For Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(8,414,123)	(22,823,652)
2.6	Cash Obtained From Sale of Financial Assets at Fair Value Through Other Comprehensive Income		3,893,609	3,905,991
2.7	Cash Paid For Purchase of Investment Securities		(292,208)	(3,133,720)
2.8	Cash Obtained From Sale of Investment Securities		3,538,642	1,123,478
2.9	Other		(84,221)	(40,364)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided From / (Used in) Financing Activities</b>		<b>3,892,854</b>	<b>499,901</b>
3.1	Cash Obtained From Funds Borrowed And Securities Issued		15,535,000	5,013,599
3.2	Cash Used for Repayments Funds Borrowed And Securities Issued		(12,110,381)	(4,847,576)
3.3	Equity instruments		513,954	388,645
3.4	Dividends Paid		(9,132)	(7,280)
3.5	Payments For Finance Leases		(36,587)	(47,487)
3.6	Other		-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents</b>		<b>3,789,476</b>	<b>4,097,509</b>
<b>V.</b>	<b>Net Increase (Decrease) in Cash And Cash Equivalents</b>		<b>17,518,598</b>	<b>(9,314,821)</b>
<b>VI.</b>	<b>Cash And Cash Equivalents at The Beginning of The Period</b>		<b>13,995,430</b>	<b>20,412,202</b>
<b>VII.</b>	<b>Cash And Cash Equivalents at The End of The Period</b>		<b>31,514,028</b>	<b>11,097,381</b>

The accompanying notes are an integral part of these financial statements

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**1. Explanations on basis of presentation**

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

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

**Additional paragraph for convenience translation**

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

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

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

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Group management to make assumptions and estimates with respect to the assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates mainly consist of calculations of the fair values of financial instruments and the impairment on assets. The assumptions an estimate is 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 1.6 “Explanations on Expected Credit Loss”. In the upcoming periods, the Bank will update its relevant assumptions are necessary and revise the realizations of past estimates.

**1.3. Changes in accounting estimates, errors and classifications**

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



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
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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 consolidated financial statements of the Group were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29"). As per the BRSA decision numbered 1623 and dated 21 April 2005 and the BRSA circular dated 28 April 2005 it was stated that the indicators for the application of inflation accounting were no longer applicable. Consequently, as of 1 January 2005, the inflation accounting has not been applied.

**1.5. TFRS 3 explanations on business combinations standard:**

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

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

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

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

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

This acquisition has been evaluated as a merger of entities under common control and has been accounted for using the aggregation method (Pooling of interest). According to this method, the assets and liabilities of Neova Katılım Sigorta A.Ş. are included in the financial statements over the book values determined in accordance with TFRS at the merger date, and no goodwill has arisen in the financial statements as a result of the merger.

**1.6. Disclosures regarding TFRS 9 financial instruments:**

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

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

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

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

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

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

**Classification and measurement of financial instruments:**

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

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

**Explanations on expected credit loss:**

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

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

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.

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The Group 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 as of 30 September 2021. By its nature, the model effects are reflected in the financial statements with a delay due to the occurrence of the events and their effects at different times. For this reason, if deemed necessary the Group may make sectoral based valuations in order to eliminate the timing difference and establish additional provisions for the sector or customers which are considered to have a high impact due to outbreak. The Group maintains this approach as of September 30, 2021. When deemed necessary, the future will review these assumptions according to the course of the pandemic.

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

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

**Stage 2:** Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized lifetime 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 rating of the rating is calculated by using the Parent Bank's rating ratings based on the internal rating of the parent Bank by using the rating of the credit rating. For the loan, the rating calculated on the reporting date exceeds the determined threshold values and is considered as a distortion in the rating.

In this context; in accordance with the decision of the BRSA in the context of the covid-19 outbreak, the 30 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 lifetime expected credit losses for such financial assets.

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

However, based on the 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.

**1.7 Revenue from TFRS 15 disclosures regarding the standard of revenue from customer contracts:**

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

**1.8 Explanations on TFRS 16 leases standard**

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

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

As of September 30, 2021, the right-of-use assets classified tangible assets amounting to gross TL 518,256 in the balance sheet of the Group and lease obligations amounting to gross TL 522,999. In the nine-month period that ended as of the same date, financial expenses amounting to TL 36,591 and depreciation expenses amounting to TL 85,020 were incurred.

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

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

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

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

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

**3. Investments in associates and subsidiaries**

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

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

Title	Address (City/Country)	Main Operation	30.09.2021	31.12.2020	Consolidation method
KT Bank AG	Frankfurt/Germany	Banking	100.00%	100.00%	Full consolidation
Neova Katılım Sigorta A.Ş.	İstanbul/Turkey	Financial Institution	100.00%	100.00%	Full consolidation
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Turkey	Financial Institution	100.00%	100.00%	Full consolidation
KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Turkey	Financial Institution	100.00%	100.00%	Full consolidation
KT Portföy Yönetimi A.Ş.	İstanbul/Turkey	Financial Institution	100.00%	100.00%	Full consolidation
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Financial Institution	75.00%	75.00%	Full consolidation
Katılım Emeklilik ve Hayat A.Ş.	İstanbul/Turkey	Financial Institution	50.00%	50.00%	Accounted with equity pick-up
KT Portföy Kuveyt Türk Yabancı Katılım Serbest Özel Fon	İstanbul/Turkey	Investment Fund	100.00%	-	Full consolidation

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

**Consolidation basis of subsidiaries:**

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

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

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

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minority shares are presented as a separate item in the income statement. Minority shares are presented under the equity in the consolidated balance sheet.

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

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

The Group enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. Derivative instruments are classified as ‘hedging derivative financial asset’ and ‘derivative financial assets/liabilities at fair value profit or loss’. The Group classifies its derivative instruments as “Derivative Financial Instruments Held for Hedging Purposes” and “Derivative Financial Instruments Held for Trading” in accordance with TAS 39. Even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as “held for trading” within the framework of TAS 39 and are reflected in the “Derivative Financial Assets/liabilities at fair value profit or loss” account in the balance sheet. The Group has no derivative financial assets/liabilities for hedging purposes as of balance sheet date.

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

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

Embedded derivatives are separated from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Embedded derivatives are accounted as derivative instruments in-line with TFRS 9. If the embedded derivatives are closely related with the host contract, embedded derivatives are accounted for in-line with the relevant standard applicable for the host contract.

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

**5. Explanations on profit share income and expense**

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

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

**6. Explanations on fees and commission income and expenses**

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

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission

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

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

**7.1 Financial assets at fair value through profit or loss:**

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

**7.2 Financial assets at fair value through other comprehensive income:**

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

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

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

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

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**7.3 Financial assets measured at amortized cost:**

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

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

**7.4 Derivative financial assets:**

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

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

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

**7.5 Loans:**

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

**8. Explanations on offsetting of financial assets and liabilities**

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

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

Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement, a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. In this 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 Group 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 Group has no discontinued operations.

**11. Explanations on goodwill and other intangible assets:**

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

The other intangible assets of the Group comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years.

The amortization period of the licenses is determined on the basis of the duration of the license agreements.

There is no goodwill related to associates and subsidiaries.

**12. Explanations on tangible assets:**

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

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

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

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

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

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.

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

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

**13. Explanations on leasing transactions**

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

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

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

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

**The right of the use asset**

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

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

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

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

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

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

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

**Lease Obligation**

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

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

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

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**14. Explanations on insurance technical provisions:**

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

Insurance technical provisions in the consolidated financial statements; consists of unearned premiums reserve and outstanding claims reserve.

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

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

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

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

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

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

**15. Explanations on insurance technical income and expenses:**

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

Damages are recorded as expense as they occur. Outstanding claims provision is provided for claims not yet paid at the end of the period and incurred but not reported claims. The reinsurer shares of outstanding and paid claims are netted off within these provisions. Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted Insurance premiums ceded to reinsurers on contract that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

**16. Explanations on provisions and contingent liabilities**

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

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

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

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

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**17. Explanations on liabilities relating to employee benefits**

**17.1 Defined benefit plans:**

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

Liabilities amount which is related to “Turkish Accounting Standard on Employee Benefits” (“TAS 19”) is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm. Group is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

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

**17.2 Defined contribution plans:**

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

**17.3 Short term benefits to employees:**

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

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

**18. Explanations on taxation**

***Current Tax***

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

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

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

Withholding taxes is not applied to dividends distributed to companies’ resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister’s decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15<sup>th</sup> and 30<sup>th</sup> 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

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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.

**19. Explanations on additional disclosures on borrowings**

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

The Group has not issued convertible bonds.

**20. Explanations on share certificates issued**

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

**21. Explanations on acceptances and availed drafts**

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

**22. Explanations on government grants**

There are no government grants received by the Group.

**23. Explanations on segment reporting**

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

Segment reporting is disclosed in Section Four, Note 13.

**24. Explanations on other matters**

The Group has no disclosures on other matters.

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**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**

**1. Explanations on consolidated equity items**

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 30 September 2021 Group’s total capital has been calculated as TL 15,360,643 (31 December 2020: 12,705,468 TL), capital adequacy ratio is 18.80% (31 December 2020: 19.97%).

Fluctuations are experienced in the financial markets mainly as a result of the COVID-19 outbreak, in the press statement made by the BRSA on March 23, 2020. Therefore, in accordance with the BRSA's Decision No. 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. Information on consolidated equity items**

	Current Period 30/09/2021 Amount	Prior Period 31/12/2020 Amount
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-In Capital To Be Entitled For Compensation After All Creditors	4,600,000	4,600,000
Share Premium	24,525	24,525
Reserves	3,404,645	1,996,805
Other Comprehensive Income According to TAS	229,665	204,250
Profit	1,614,948	1,324,475
Current Period Profit	1,704,128	1,746,138
Prior Period Profit	(89,180)	(421,663)
Minority Shares	-	-
Bonus Shares From Associates, Affiliates And Joint-Ventures Not Accounted In Current Period's Profit	31,918	30,004
<b>Common Equity Tier I Capital Before Deductions</b>	<b>9,905,701</b>	<b>8,180,059</b>
<b>Deductions From Common Equity Tier I Capital</b>	<b>-</b>	<b>-</b>
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	295,283	260,421
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences	-	-
Differences Arise When Assets And Liabilities Not Held At Fair Value, Are Subjected To Cash Flow Hedge Accounting	-	-
Total Credit Losses That Exceed Total Expected Loss Calculated According To The Regulation On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
Securitization Gains	-	-
Unrealized Gains And Losses From Changes In Bank's Liabilities' Fair Values Due To Changes In Creditworthiness	-	-
Net Amount Of Defined Benefit Plans	51,258	51,258
Direct And Indirect Investments Of The Bank On Its Own Tier I Capital (-)	4,869	4,869
Shares Obtained Against Article 56, Paragraph 4 Of The Banking Law (-)	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Net Deferred Tax Assets Arising From Temporary Differences Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Amount Exceeding The 15% Threshold Of Tier I Capital As Per The Article 2, Clause 2 Of The Regulation On Measurement And Assessment Of Capital Adequacy Of Banks (-)	-	-
The Portion Of Net Long Position Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Not Deducted From Tier I Capital (-)	-	-
Mortgage Servicing Rights Not Deducted (-)	-	-
Excess Amount Arising From Deferred Tax Assets From Temporary Differences (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
Deductions From Tier I Capital In Cases Where There Are No Adequate Additional Tier I Or Tier II Capitals (-)	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>561,292</b>	<b>471,960</b>
<b>Total Common Equity Tier I Capital</b>	<b>9,344,409</b>	<b>7,708,099</b>

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<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>2,221,925</b>	<b>1,851,633</b>
<b>Deductions From Additional Tier I Capital</b>		
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 (-)	-	-
<b>Items To Be Deducted From Tier I Capital During The Transition Period</b>		
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 (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>2,221,925</b>	<b>1,851,633</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>11,566,334</b>	<b>9,559,732</b>
<b>Tier II Capital</b>		
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)	813,143	652,104
<b>Tier II Capital before deductions</b>	<b>3,923,838</b>	<b>3,244,385</b>
<b>Deductions From Tier II Capital</b>		
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 (-)	-	-
<b>Total Deductions From Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>3,923,838</b>	<b>3,244,385</b>
<b>Total Equity (Total Tier I And Tier II Capital)</b>	<b>15,490,172</b>	<b>12,804,117</b>



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<b>Total Tier I Capital And Tier II Capital (Total Equity)</b>		
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
<b>Items To Be Deducted From The Sum Of Tier I And Tier II Capital (Capital) During The Transition Period</b>		
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 (-)	-	-
<b>Capital</b>		
Total Capital (Total Of Tier I Capital And Tier II Capital)	15,360,643	12,705,468
Total Risk Weighted Assets	81,721,925	63,613,084
<b>Capital Adequacy Ratios</b>		
CET1 Capital Ratio (%)	11.43	12.12
Tier I Capital Ratio (%)	14.15	15.03
Capital Adequacy Ratio (%)	18.80	19.97
<b>Buffers</b>		
Bank-Specific Total CET1 Capital Ratio	2.50	2.50
Capital Conservation Buffer Ratio (%)	2.50	2.50
Systemic Significant Bank Buffer Ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According To The Article 4 Of Capital Conservation And Counter-Cyclical Capital Buffers Regulation	6.93	7.62
<b>Amounts Lower Than Excesses As Per Deduction Rules</b>		
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	-	-
<b>Limits For Provisions Used In Tier II Capital Calculation</b>		
General Loan Provisions For Exposures In Standard Approach (Before Limit Of One Hundred And Twenty Five Per Ten Thousand)	813,143	652,104
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	813,143	652,104
Total Loan Provision That Exceeds Total Expected Loss Calculated According To Communiqué On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
Total Loan Provision That Exceeds Total Expected Loss Calculated According To Communiqué On Calculation Of Credit Risk By Internal Ratings Based Approach, Limited By 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered By Temporary Article 4 (Effective Between 1.1.2018-1.1.2022)	-	-
Upper Limit For Additional Tier I Capital Items Subject To Temporary Article 4	-	-
Amount Of Additional Tier I Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-
Upper Limit For Additional Tier II Capital Items Subject To Temporary Article 4	-	-
Amount Of Additional Tier II Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-

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<b>Information on debt instruments to be included in equity calculation:</b>			
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
<b>Consideration In Equity Calculation</b>			
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
<b>Dividend payments</b>			
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
<b>Ability to convert to stock</b>			
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
<b>Value reduction feature</b>			
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 Parent Banks' growth strategy, assets-liabilities structure, funding sources, liquidity position, foreign currency position, the effect of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Banks' risk profile and risk appetite.

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

**2. Explanations on consolidated credit risk:**

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

**3. Explanations on consolidated currency risk**

Foreign currency risk represents the Group's exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to standard method. "Standard Method" and "Value at Risk Method" used in legal reporting are used to measure the currency risk that the Group is exposed to. Measurements made under the Standard Method are made on a monthly basis, and measurements made under the Value at Risk Method are made on a daily basis.

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

As of 30 September 2021, the Group consists of a balance sheet open position of TL 1,439,402 (December 31, 2020 - TL 21,796,612 open) and off-balance sheet position of TL 1,843,404 (December 31, 2020 - TL 21,899,484 closed) with a closed position of TL 404,002 (December 31, 2020 - TL 102,872 closed).

The announced current foreign exchange buying rates of the Parent 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
<b>USD</b>	8.69951	8.8205	8.84683	8.86778	8.85253	8.8877
<b>EURO</b>	10.19608	10.34432	10.35139	10.35767	10.32111	10.30159
<b>GBP</b>	11.90544	12.08302	12.11362	12.07923	11.95277	11.95623
<b>CHF</b>	9.4104	9.54055	9.53805	9.55221	9.5235	9.50897
<b>JPY</b>	0.07911	0.07981	0.0798	0.0796	0.07945	0.07941

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

	Monthly average FC purchase rate
<b>USD</b>	8.54029
<b>EURO</b>	10.05952
<b>GBP</b>	11.74568
<b>CHF</b>	9.26151
<b>JPY</b>	0.07753

**Consolidated currency risk of the Group:**

	Euro	USD	Other FC (***)	Total
<b>Current period</b>				
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey (***)	18,998,758	13,051,932	9,106,460	41,157,150
Banks (*****)	5,197,597	1,639,020	5,681,688	12,518,305
Financial assets at fair value through profit and loss	1,552	1,645,057	6,404,255	8,050,864
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	4,152,435	6,727,006	-	10,879,441
Loans and finance lease receivables (*)	22,545,890	23,205,046	16,999	45,767,935
Subsidiaries, associates and joint ventures	-	-	-	-
Financial assets at amortized cost	361,724	2,863,522	-	3,225,246
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	14,060	1,163	-	15,223
Intangible assets	77,537	10	-	77,547
Other assets (*****)	1,684,829	61,326	3,000	1,749,155
<b>Total assets</b>	<b>53,034,382</b>	<b>49,194,082</b>	<b>21,212,402</b>	<b>123,440,866</b>
<b>Liabilities</b>				
Current account and funds collected from Banks via participation accounts	776,531	174,483	292,497	1,243,511
Current and profit-sharing accounts FC	21,457,246	48,576,292	39,224,202	109,257,740
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	808,825	7,320,263	-	8,129,088
Marketable securities issued	-	4,118,019	-	4,118,019
Miscellaneous payables	581,841	584,541	8,117	1,174,499
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	258,265	655,550	43,596	957,411
<b>Total liabilities</b>	<b>23,882,708</b>	<b>61,429,148</b>	<b>39,568,412</b>	<b>124,880,268</b>
Net balance sheet position	29,151,674	(12,235,066)	(18,356,010)	(1,439,402)
Net off-balance sheet position	(29,291,846)	12,754,890	18,380,360	1,843,404
Financial derivative assets	368,497	17,274,506	19,199,145	36,842,148
Financial derivative liabilities	29,660,343	4,519,616	818,785	34,998,744
Non-cash loans (**)	2,132,887	3,181,496	238,995	5,553,378
<b>Prior period</b>				
Total assets	37,591,207	31,661,053	16,225,780	85,478,040
Total liabilities	18,020,699	51,448,283	37,805,670	107,274,652
Net balance sheet position	19,570,508	(19,787,230)	(21,579,890)	(21,796,612)
Net off-balance sheet position	(19,869,202)	20,187,707	21,580,979	21,899,484
Financial derivative assets	730,800	25,033,494	21,919,119	47,683,413
Financial derivative liabilities	20,600,002	4,845,787	338,140	25,783,929
Non-cash loans (**)	1,840,536	2,349,832	205,654	4,396,022

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

(\*\*) 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

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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 333,060)
- Prepaid expenses: TL 697 (31 December 2020 – 693 TL)
- Derivative financial liabilities held for trading: TL 662,685 (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 – None)

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

- Forward foreign currency purchase transactions TL 1,883,177 (31 December 2020 – TL 1,121,892)
- Forward foreign currency sale transactions: TL 2,738,169 (31 December 2020 – TL 1,177,606)
- 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 group is largely exposed to exchange rate risk in Euros, US dollars and Gold.

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

	Change in exchange rate %	Effect on profit / loss		Effect on equity	
		Current period	Prior period	Current period	Prior period
USD	10%	51,982	40,048	42,540	31,035
EUR	10%	(14,017)	(29,869)	(13,793)	(29,901)
GOLD	10%	8,868	11,870	8,868	11,870

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**4. Explanations on stock position risk arising from banking accounts**

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

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

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

<b>Current Period</b>	<b>Comparison</b>		
<b>Equity Securities (shares) investments</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>Securities at Fair Value Through Other Comprehensive Income</b>	<b>60,410</b>	-	<b>60,410</b>
Quoted Securities	-	-	-
<b>Investments in Associates</b>	-	-	-
Quoted Securities	-	-	-
<b>Investment in Subsidiaries</b>	<b>23,680</b>	-	-
Quoted Securities	-	-	-
<b>Other</b>	<b>82,299</b>	-	-
Quoted Securities	-	-	-
<b>Prior Period</b>	<b>Comparison</b>		
<b>Equity Securities (shares) investments</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>Securities at Fair Value Through Other Comprehensive Income</b>	<b>49,146</b>	-	<b>49,146</b>
Quoted Securities	-	-	-
<b>Investments in Associates</b>	-	-	-
Quoted Securities	-	-	-
<b>Investment in Subsidiaries</b>	<b>23,680</b>	-	-
Quoted Securities	-	-	-
<b>Other</b>	<b>61,311</b>	-	-
Quoted Securities	-	-	-

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

None.

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**5. Consolidated liquidity risk management and liquidity coverage ratio**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**5.5. Information on liquidity risk mitigation techniques:**

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

**5.6. Information on the use of stress tests:**

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

**5.7. General information on emergency funding plan:**

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

**5.8. Presentation of financial liabilities according to contractual maturities**

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



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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
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	Total high-quality liquid assets (HQLA)	49,986,039	38,048,667	46,486,649	34,549,278
<b>CASH OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	62,678,606	15,113,985	5,546,395	1,511,399
3	Stable deposits	14,429,315	-	721,466	-
4	Less stable deposits	48,249,291	15,113,985	4,824,929	1,511,399
5	Unsecured wholesale funding, of which:	33,558,943	25,920,878	19,986,216	15,874,698
6	Operational deposits	-	-	-	-
7	Non-operational deposits	23,585,252	17,300,266	10,012,525	7,254,086
8	Unsecured funding	9,973,691	8,620,612	9,973,691	8,620,612
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	17,310,458	15,272,416	17,310,458	15,272,416
11	Outflows related to derivative exposures and other collateral requirements	17,310,458	15,272,416	17,310,458	15,272,416
12	Outflows related to restructured financial Instruments	-	-	-	-
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	21,310,467	5,241,714	1,871,653	268,061
16	<b>TOTAL CASH OUTFLOWS</b>			44,714,722	32,926,574
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	26,394,596	16,441,959	20,861,647	15,528,233
19	Other cash inflows	17,262,349	16,678,890	17,262,349	16,678,890
20	<b>TOTAL CASH INFLOWS</b>	<b>43,656,945</b>	<b>33,120,849</b>	<b>38,123,996</b>	<b>32,207,123</b>
				<b>Upper Limit Applied Values</b>	
21	<b>TOTAL HQLA STOCK</b>			<b>46,486,649</b>	<b>34,549,278</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>11,178,681</b>	<b>8,231,644</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>415.85</b>	<b>419.71</b>

(\*) The average calculated for the last three months of the liquidity coverage ratio calculated by taking the monthly 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
<b>TL+FC</b>	480.59	14/07/2021	377.36	07/09/2021	415.61
<b>FC</b>	454.88	28/08/2021	359.83	31/07/2021	420.09

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

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**Liquidity risk management and liquidity coverage ratio (continued)**

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

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

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

**Prior Period:**

	Highest	Date	Lowest	Date	Average
<b>TL+FC</b>	366.55	31/12/2020	298.64	21/11/2020	323.32
<b>FC</b>	399.18	31/12/2020	301.60	14/11/2020	332.10

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

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

Current Period End	Demand	Up to 1 months	1-3 months	3-12 months	1-5 Years	Over 5 years	Unallocated (**)	Total
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey	20,422,962	23,088,362	-	-	-	-	-	43,511,324
Banks (*)	11,716,947	741,173	504,655	-	-	-	-	12,962,775
Financial assets at fair value through profit and loss	-	67,990	396,506	901,104	6,764,669	-	198,380	8,328,649
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	2,288,189	73,382	5,480,796	18,523,058	-	172,272	26,537,697
Loans (**)	-	9,111,648	14,678,882	33,028,956	35,311,352	5,003,803	(4,341,272)	92,793,369
Financial assets measured at amortised cost	-	-	-	2,664,950	733,416	103,630	(655)	3,501,341
Other assets (***)	1,846,683	1,449,769	325,054	89,906	1,285,130	-	2,663,622	7,660,164
<b>Total assets</b>	<b>33,986,592</b>	<b>36,747,131</b>	<b>15,978,479</b>	<b>42,165,712</b>	<b>62,617,625</b>	<b>5,107,433</b>	<b>(1,307,653)</b>	<b>195,295,319</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	1,268,100	22	-	2,001	-	-	-	1,270,123
Current and profit-sharing accounts	88,089,234	53,319,958	8,091,063	5,488,223	909,699	4,957	-	155,903,134
Funds provided from other financial institutions	-	446,837	865,109	173,623	3,709,237	3,118,497	-	8,313,303
Money market borrowings	-	2,344,455	-	-	-	-	-	2,344,455
Marketable securities issued	-	1,034,949	7,652,251	-	-	-	-	8,687,200
Miscellaneous payables	1,380,642	136,017	-	-	-	-	-	1,516,659
Other Liabilities (****)	-	2,479,696	784,634	129,012	184,938	28,112	13,654,053	17,260,445
<b>Total Liabilities</b>	<b>90,737,976</b>	<b>59,761,934</b>	<b>17,393,057</b>	<b>5,792,859</b>	<b>4,803,874</b>	<b>3,151,566</b>	<b>13,654,053</b>	<b>195,295,319</b>
Net liquidity gap	(56,751,384)	(23,014,803)	(1,414,578)	36,372,853	57,813,751	1,955,867	(14,961,706)	-
<b>Prior period</b>								
Total assets	20,556,136	30,061,101	19,722,362	29,894,129	52,673,745	4,907,794	381,846	158,197,113
Total liabilities	75,029,738	44,542,867	12,108,080	10,641,824	4,078,713	42,275	11,753,616	158,197,113
Net liquidity gap	(54,473,602)	(14,481,766)	7,614,282	19,252,305	48,595,032	4,865,519	(11,371,770)	-

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

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

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

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

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**6. Explanations on consolidated leverage ratio**

**6.1 Disclosure of leverage ratio template**

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

<b>On-balance sheet assets (*)</b>		<b>Current Period</b>	<b>Prior Period</b>
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	189,100,353	160,626,497
2	(Assets amounts deducted in determining Basel III Tier I Capital)	(582,121)	(478,778)
3	Total amount on-balance sheet risks (sum of lines 1 and 2)	188,518,232	160,147,719
<b>Derivative financial instruments and credit derivatives</b>			
4	Replacement cost associated with all derivative instruments and credit derivatives	482,534	629,764
5	The potential amount of credit risk with derivative financial instruments 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
<b>Securities or commodity financing transactions (SCFT)</b>			
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
<b>Other off-balance sheet transactions</b>			
10	Gross notional amounts of off-balance sheet transactions	74,712,868	69,537,344
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)	30,656,941	26,538,449
<b>Capital and total risks</b>			
13	Tier I Capital	11,379,770	9,567,064
14	Total risks (sum of lines 3, 6, 9 and 12)	221,852,191	189,918,027
<b>Leverage ratio</b>			
15	Leverage ratio	5.13	5.04

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

The leverage ratio calculated on the basis of the arithmetic average of the amounts realized at the end of each month for the past three-month period as of the Group’s consolidated balance sheet date was %5.13 (31 December 2020 - 5.04%). The main reason for the changes from the previous period is that the increase in the items related to the on-balance sheet assets compared to the increase in other items. Accordingly, main capital increased by 19% on profit for the period, while on-balance sheet risk increased by 19% and off-balance sheet increased by 16%. Accordingly, there is a decrease of 9 basis points in the current period leverage ratio compared to the previous period.

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**7. Explanations on fair value of consolidated financial assets and liabilities**

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

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

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

**9. Explanations on consolidated hedge accounting practices**

None. (31 December 2020 – None.)

**10. Explanations on consolidated risk management**

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

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**10.1. Explanations on risk management and risk weighted amounts:**

**10.1.1. 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)	64,512,664	51,904,896	5,161,013
2	Standardised approach (SA)	64,579,596	51,923,351	5,166,368
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	471,869	244,931	37,750
5	Standardised approach for counterparty credit risk (SA-CCR)	471,869	244,931	37,750
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	5,334,034	3,838,461	426,723
17	Standardised approach (SA)	5,334,034	3,838,461	426,723
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	11,336,427	7,606,341	906,914
20	Basic indicator approach	11,336,427	7,606,341	906,914
21	Standardised approach			
22	Advanced measurement approach			
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)			
24	Floor adjustment			
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>81,721,925</b>	<b>63,613,084</b>	<b>6,537,754</b>

**10.3.4 Composition of collateral for CCR exposure:** None

**10.3.5 Credit derivatives exposures:** None

**10.3.6 Exposures to central counterparties:** None

**11. Securitization positions**

None.

**12. The activities carried out on behalf and account of other persons, fiduciary-based transactions**

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**13. Explanations on consolidated business segments**

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

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

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

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

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**Specific balance sheet and income statement items according to segments:**

<b>Current Period</b> <b>1 January 2021-30 September 2021</b>	<b>Retail</b> <b>Banking</b>	<b>Corporate and</b> <b>Commercial</b> <b>banking</b>	<b>Treasury and</b> <b>international</b> <b>banking</b>	<b>Unallocated</b>	<b>Bank's total</b> <b>operation</b>
Operating income	4,487,563	7,396,785	425,538	-	12,309,886
Operating expenses (-)	4,652,065	1,873,429	607,460	2,931,318	10,064,272
Transfers between segments	2,538,492	(2,382,319)	(156,173)	-	-
<b>Net operating income(loss)</b>	<b>2,373,990</b>	<b>3,141,037</b>	<b>(338,095)</b>	<b>(2,931,318)</b>	<b>2,245,614</b>
Income from associates	-	-	-	20,988	20,988
<b>Income (loss) before tax</b>	<b>2,373,990</b>	<b>3,141,037</b>	<b>(338,095)</b>	<b>(2,910,330)</b>	<b>2,266,602</b>
Provision for taxation (-)	-	-	-	540,920	540,920
<b>Net income for the period</b>	<b>2,373,990</b>	<b>3,141,037</b>	<b>(338,095)</b>	<b>(3,451,250)</b>	<b>1,725,682</b>
<b>Current Period</b>					
<b>30 September 2021</b>					
Segment assets	31,504,452	56,242,923	100,696,194	-	188,443,569
Associates, subsidiaries and joint ventures	-	-	-	105,979	105,979
Undistributed assets	-	-	-	6,745,771	6,745,771
<b>Total assets</b>	<b>31,504,452</b>	<b>56,242,923</b>	<b>100,696,194</b>	<b>6,851,750</b>	<b>195,295,319</b>
Segment liabilities	132,858,382	26,659,330	18,020,728	-	177,538,440
Undistributed liabilities	-	-	-	8,044,168	8,044,168
Shareholders' equity	-	-	-	9,712,711	9,712,711
<b>Total liabilities</b>	<b>132,858,382</b>	<b>26,659,330</b>	<b>18,020,728</b>	<b>17,756,879</b>	<b>195,295,319</b>
<b>Prior Period</b>					
<b>1 January 2020 – 30 September 2020</b>					
Operating income	3,840,155	4,974,283	876,743	-	9,691,181
Operating expenses (-)	3,222,036	1,510,902	623,831	2,641,663	7,998,432
Transfers between segments	1,711,150	(325,131)	(1,386,019)	-	-
<b>Net operating income(loss)</b>	<b>2,329,269</b>	<b>3,138,250</b>	<b>(1,133,107)</b>	<b>(2,641,663)</b>	<b>1,692,749</b>
Income from associates	-	-	-	15,416	15,416
<b>Income (loss) before tax</b>	<b>2,329,269</b>	<b>3,138,250</b>	<b>(1,133,107)</b>	<b>(2,626,247)</b>	<b>1,708,165</b>
Provision for taxation (-)	-	-	-	355,768	355,768
<b>Net income for the period</b>	<b>2,329,269</b>	<b>3,138,250</b>	<b>(1,133,107)</b>	<b>(2,982,015)</b>	<b>1,352,397</b>
<b>Prior Period</b>					
<b>31 December 2019</b>					
Segment assets	29,924,797	43,516,111	72,523,747	-	145,964,655
Associates, subsidiaries and joint ventures	-	-	-	84,991	84,991
Undistributed assets	-	-	-	12,147,467	12,147,467
<b>Total assets</b>	<b>29,924,797</b>	<b>43,516,111</b>	<b>72,523,747</b>	<b>12,232,458</b>	<b>158,197,113</b>
<b>Prior Period</b>					
<b>31 December 2020</b>					
Segment liabilities	105,235,906	21,636,217	16,987,622	-	143,859,745
Undistributed liabilities	-	-	-	6,306,554	6,306,554
Shareholders' equity	-	-	-	8,030,814	8,030,814
<b>Total liabilities</b>	<b>105,235,906</b>	<b>21,636,217</b>	<b>16,987,622</b>	<b>14,337,368</b>	<b>158,197,113</b>



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**SECTION FIVE**

**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Explanations and notes related to consolidated assets:**

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

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

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	574,383	3,013,137	630,548	3,011,244
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
<b>Total</b>	<b>2,354,169</b>	<b>41,157,392</b>	<b>1,144,427</b>	<b>23,966,543</b>

(\*) 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
<b>Total</b>	<b>1,621,467</b>	<b>35,278,746</b>	<b>512,354</b>	<b>19,967,199</b>

**1.1.3 Explanations on required reserves:**

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

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

As of 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	121,452	263,671	78,913	330,367
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>214,943</b>	<b>273,001</b>	<b>128,546</b>	<b>333,060</b>

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**1.3 Information on Banks:**

**1.3.1. Information on Banks:**

	Current period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>444,952</b>	<b>12,521,368</b>	<b>1,114,456</b>	<b>6,256,097</b>
Domestic	437,210	4,660,067	1,113,965	113,981
Foreign (*)	7,742	7,861,301	491	6,142,116
Branches and head office abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>444,952</b>	<b>12,521,368</b>	<b>1,114,456</b>	<b>6,256,097</b>

(\*) 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
<b>Debt Securities</b>	<b>26,618,776</b>	<b>20,852,757</b>
Quoted on stock exchange	26,618,776	20,852,757
Not quoted on stock exchange	-	-
<b>Share certificates / Investment Funds</b>	<b>146,511</b>	<b>90,887</b>
Quoted on stock exchange	128,199	75,105
Not quoted on stock exchange	18,312	15,782
<b>Impairment provision</b>	<b>227,590</b>	<b>220,559</b>
<b>Total</b>	<b>26,537,697</b>	<b>20,723,085</b>

**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

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**1.5 Explanations on financial assets measured at amortized cost:**

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

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

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

Current Period	Standard Loans and Other Receivables	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
<b>Loans</b>	<b>80,591,857</b>	<b>5,400,544</b>	<b>2,870,124</b>	<b>-</b>
Export Loans	8,034,230	228,763	-	-
Import Loans	2,747,292	108,316	-	-
Corporation Loans	38,211,679	3,275,000	2,825,606	-
Consumer Loans	13,271,595	337,432	20,834	-
Credit Cards	1,928,767	201,689	22,538	-
Loans given to financial sector	5,406,168	-	-	-
Other	10,992,126	1,249,344	1,146	-
<b>Other Receivables</b>	<b>1,999</b>	<b>10,262</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>80,593,856</b>	<b>5,410,806</b>	<b>2,870,124</b>	<b>-</b>

Prior Period	Standard Loans and Other Receivables	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
<b>Loans</b>	<b>67,420,988</b>	<b>4,813,370</b>	<b>2,615,066</b>	<b>-</b>
Export Loans	4,967,766	230,900	-	-
Import Loans	1,971,303	87,512	-	-
Corporation Loans	33,990,065	3,495,756	2,533,424	-
Consumer Loans	12,754,463	298,219	62,118	-
Credit Cards	1,237,324	130,190	19,524	-
Loans given to financial sector	3,238,490	-	-	-
Other	9,261,577	570,793	-	-
<b>Other Receivables</b>	<b>8,295</b>	<b>117,575</b>	<b>9,277</b>	<b>-</b>
<b>Total</b>	<b>67,429,283</b>	<b>4,930,945</b>	<b>2,624,343</b>	<b>-</b>

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

	<b>Standard Loans</b>	<b>Loans and other receivables under close monitoring</b>	<b>Standard Loans</b>	<b>Loans and other receivables under close monitoring</b>
	<b>Current Period (*)</b>	<b>Current Period (*)</b>	<b>Prior Period</b>	<b>Prior Period</b>
12 Month Expected Credit Losses (*)	1,703,534	-	1,179,791	-
Significant Increase in Credit Risk	-	2,949,196	-	1,744,593
<b>Total</b>	<b>1,703,534</b>	<b>2,949,196</b>	<b>1,179,791</b>	<b>1,744,593</b>

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

**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:**

<b>Current Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>103,658</b>	<b>12,473,321</b>	<b>12,576,979</b>
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
<b>Consumer Loans-FC Indexed</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>86</b>	<b>1,013,579</b>	<b>1,013,665</b>
Real Estate Loans	-	954,181	954,181
Vehicle Loans	86	59,116	59,202
Consumer Loans	-	282	282
Other	-	-	-
<b>Retail Credit Cards-TL</b>	<b>824,760</b>	<b>70</b>	<b>824,830</b>
With Installment	215,590	70	215,660
Without Installment	609,170	-	609,170
<b>Retail Credit Cards-FC</b>	<b>4,585</b>	-	<b>4,585</b>
With Installment	-	-	-
Without Installment	4,585	-	4,585
<b>Personnel Loans-TL</b>	<b>1,715</b>	<b>37,502</b>	<b>39,217</b>
Real Estate Loans	78	2,715	2,793
Vehicle Loans	566	18,362	18,928
Consumer Loans	1,071	16,425	17,496
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>22,161</b>	<b>21</b>	<b>22,182</b>
With Installment	8,561	21	8,582
Without Installment	13,600	-	13,600
<b>Personnel Credit Cards-FC</b>	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	-	-	-
<b>Overdraft Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>956,965</b>	<b>13,524,493</b>	<b>14,481,458</b>

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<b>Prior Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>74,023</b>	<b>12,698,649</b>	<b>12,772,672</b>
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
<b>Consumer Loans-FC Indexed</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>172</b>	<b>314,708</b>	<b>314,880</b>
Real Estate Loans	-	246,690	246,690
Vehicle Loans	172	41,060	41,232
Consumer Loans	-	26,958	26,958
Other	-	-	-
<b>Retail Credit Cards-TL</b>	<b>545,977</b>	<b>70</b>	<b>546,047</b>
With Installment	120,545	70	120,615
Without Installment	425,432	-	425,432
<b>Retail Credit Cards-FC</b>	<b>3,340</b>	-	<b>3,340</b>
With Installment	-	-	-
Without Installment	3,340	-	3,340
<b>Personnel Loans-TL</b>	<b>1,985</b>	<b>25,263</b>	<b>27,248</b>
Real Estate Loans	-	2,401	2,401
Vehicle Loans	466	15,844	16,310
Consumer Loans	1,519	7,018	8,537
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>13,761</b>	<b>21</b>	<b>13,782</b>
With Installment	5,696	21	5,717
Without Installment	8,065	-	8,065
<b>Personnel Credit Cards-FC</b>	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	-	-	-
<b>Overdraft Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>639,258</b>	<b>13,038,711</b>	<b>13,677,969</b>

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**1.5.5 Information on commercial installment loans and corporate credit cards:**

<b>Current Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>737,374</b>	<b>9,985,906</b>	<b>10,723,280</b>
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	-	-	-
<b>Commercial Installment Loans-FC Indexed</b>	<b>8,503</b>	<b>395,036</b>	<b>403,539</b>
Business Loans	8,503	20,130	28,633
Vehicle Loans	-	1,819	1,819
Consumer Loans	-	373,087	373,087
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>656,983</b>	<b>4,550,698</b>	<b>5,207,681</b>
Business Loans	-	545,690	545,690
Vehicle Loans	5,308	547,517	552,825
Consumer Loans	-	14,484	14,484
Other	651,675	3,443,007	4,094,682
<b>Corporate Credit Cards-TL</b>	<b>1,292,244</b>	<b>-</b>	<b>1,292,244</b>
With Installment	544,359	-	544,359
Without Installment	747,885	-	747,885
<b>Corporate Credit Cards-FC</b>	<b>9,153</b>	<b>-</b>	<b>9,153</b>
With Installment	-	-	-
Without Installment	9,153	-	9,153
<b>Overdraft Account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,704,257</b>	<b>14,931,640</b>	<b>17,635,897</b>
<b>Prior Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>497,383</b>	<b>9,234,322</b>	<b>9,731,705</b>
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	-	-	-
<b>Commercial Installment Loans-FC Indexed</b>	<b>11,254</b>	<b>505,184</b>	<b>516,438</b>
Business Loans	11,254	57,668	68,922
Vehicle Loans	-	11,001	11,001
Consumer Loans	-	436,515	436,515
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>453,371</b>	<b>3,565,574</b>	<b>4,018,945</b>
Business Loans	-	490,181	490,181
Vehicle Loans	2,194	112,901	115,095
Consumer Loans	-	-	-
Other	451,177	2,962,492	3,413,669
<b>Corporate Credit Cards-TL</b>	<b>816,278</b>	<b>-</b>	<b>816,278</b>
With Installment	307,667	-	307,667
Without Installment	508,611	-	508,611
<b>Corporate Credit Cards-FC</b>	<b>7,591</b>	<b>-</b>	<b>7,591</b>
With Installment	-	-	-
Without Installment	7,591	-	7,591
<b>Overdraft Account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,785,877</b>	<b>13,305,080</b>	<b>15,090,957</b>

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**1.5.6 Breakdown of loans by user:**

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**1.5.7 Breakdown of domestic and foreign loans:**

	<b>Current period</b>	<b>Prior period</b>
Domestic loans	82,517,583	69,932,474
Foreign loans	6,357,203	5,052,097
<b>Total</b>	<b>88,874,786</b>	<b>74,984,571</b>

**1.5.8 Loans granted to subsidiaries and associates:**

	<b>Current period</b>	<b>Prior period</b>
Loans granted directly to subsidiaries and associates	84	169
Loans granted indirectly to subsidiaries and associates	-	-
<b>Total</b>	<b>84</b>	<b>169</b>

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

	<b>Current period</b>	<b>Prior period</b>
Loans and receivables with limited collectability	5,115	473,916
Loans and receivables with doubtful collectability	591,155	5,172
Uncollectible loans and receivables	1,993,416	2,045,229
<b>Total</b>	<b>2,589,686</b>	<b>2,524,317</b>

**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**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period:</b>			
(Gross Amount Before Specific Provisions)	31,008	530,408	115,326
Restructured Loans and Receivables	31,008	530,408	115,326
<b>Prior Period:</b>			
(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:**

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Ending balance of prior period 31.12.2020</b>	<b>550,571</b>	<b>11,192</b>	<b>2,408,491</b>
Additions in the current period (+)	12,830	171,646	478,397
Transfers from other categories of non-performing loans (+)	-	512,748	9,225
Transfers to other categories of non-performing loans (-)	512,755	9,218	-
Collections in the current period (-)	30,062	21,890	476,577
<b>Write offs (-)**</b>	-	6,047	212,118
<b>Sold Portfolio (-)</b>	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>20,584</b>	<b>658,431</b>	<b>2,207,418</b>
Specific provisions (-)	5,115	591,155	1,993,416
<b>Net balances on balance sheet</b>	<b>15,469</b>	<b>67,276</b>	<b>214,002</b>

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Prior Period</b>			
<b>Ending balance of prior period 31.12.2019</b>	<b>250,407</b>	<b>318,133</b>	<b>1,541,141</b>
Additions in the current period (+)	542,258	10,412	1,086,141
Transfers from other categories of non-performing loans (+)	-	197,258	471,969
Transfers to other categories of non-performing loans (-)	197,197	471,975	55
Collections in the current period (-)	44,897	42,636	286,911
<b>Write offs (-)</b>	-	-	250,456
<b>Sold Portfolio (-)**</b>	-	-	153,338
Corporate and commercial loans	-	-	153,338
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>550,571</b>	<b>11,192</b>	<b>2,408,491</b>
Specific provisions (-)	473,916	5,172	2,045,229
<b>Net balance at the balance sheet</b>	<b>76,655</b>	<b>6,020</b>	<b>363,262</b>

(\*) The group has sold a portion of its non-performing loan portfolio which 100% provision is provided and amounting to TL 153,338 to the asset management company at a cost of TL 50,000.

(\*\*) 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 21 basis points.

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
<b>Current period:</b>			
Ending balance of the current period	-	32,286	384,909
Provision amount (-)	-	17,964	329,073
<b>Net balance at the balance sheet</b>	-	<b>14,322</b>	<b>55,836</b>
<b>Prior period</b>			
Ending balance of the current period	532,560	1	312,782
Provision amount (-)	458,800	-	253,025
<b>Net balance at the balance sheet</b>	<b>73,760</b>	<b>1</b>	<b>59,757</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current period (Net)</b>	<b>15,469</b>	<b>67,276</b>	<b>214,002</b>
Loans granted to real persons and legal entities (Gross)	20,584	658,431	2,207,418
Specific provision (-)	5,115	591,155	1,993,416
<b>Loans to real persons and legal entities (Net)</b>	<b>15,469</b>	<b>67,276</b>	<b>214,002</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
<b>Prior period (net) 31.12.2020</b>			
Loans to real persons and legal entities (Gross)	<b>76,655</b>	<b>6,020</b>	<b>363,262</b>
Specific provision (-)	550,571	11,192	2,408,491
<b>Loans to real persons and legal entities (Net)</b>	<b>473,916</b>	<b>5,172</b>	<b>2,045,229</b>
Banks (Gross)	<b>76,655</b>	<b>6,020</b>	<b>363,262</b>
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, rediscounts and valuation differences computed for non-performing loans and their provision:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
<b>The Parent Bank</b>			
<b>Current Period (Net)</b>	<b>78</b>	<b>6,288</b>	<b>24,792</b>
Profit share accruals, rediscount and valuation differences	182	17,844	292,101
Provision (-)	104	11,556	267,309

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

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

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**1.5.10.8 Information on the write-off policy:**

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**1.6 Information on other financial assets measured at amortised cost:**

**1.6.1 Information on other financial assets measured at amortized cost:**

	Current Period	Prior Period
<b>Debt Securities</b>	<b>3,501,996</b>	<b>6,499,810</b>
Quoted on a Stock Exchange	3,225,901	6,203,203
Not Quoted	276,095	296,607
<b>Expected Credit Loss (-)</b>	<b>655</b>	<b>1,094</b>
<b>Total</b>	<b>3,501,341</b>	<b>6,498,716</b>

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

	Current Period	Prior Period
<b>Opening Balance</b>	<b>6,499,810</b>	<b>3,212,924</b>
Foreign Exchange Gain/Loss	248,620	1,353,136
Purchases During the Year	292,208	1,933,750
Disposals Through Sales and Redemptions	3,538,642	-
<b>Expected Credit Loss (-)</b>	<b>655</b>	<b>1,094</b>
<b>Ending Balance</b>	<b>3,501,341</b>	<b>6,498,716</b>

**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.

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**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

(\*) 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.

Information on subsidiaries in the order listed above:

	Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
1	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	-

Movement regarding the subsidiaries

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

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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
<b>Total</b>	<b>1,437,335</b>	<b>1,437,335</b>

Consolidated subsidiaries listed on the stock exchange:

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	53,418	53,418
Quoted in Foreign Stock Exchange	-	-
<b>Total</b>	<b>53,418</b>	<b>53,418</b>

**1.8.3 Information on capital adequacies of major subsidiaries:**

The shareholder's equity of KT Parent Bank AG, the bank's subsidiary in Germany, calculated as of September 30, 2021 is EUR 109,405,733 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.

**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	818,073	784,682	622,145	596,042
<b>Total</b>	<b>9,220,455</b>	<b>8,273,911</b>	<b>5,700,921</b>	<b>5,010,996</b>

**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 (-)	-	-
<b>Net Leasing Investment</b>	<b>8,273,911</b>	<b>5,010,996</b>

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**1.10.3 Information on finance lease contracts:**

The Parent Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations until 60 days, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non-performing finance lease receivables amounting to TL 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 asset**

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

**1.13 Explanations on intangible asset**

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

**1.14 Explanations on investment properties:**

	<b>Current period</b>	<b>Previous period</b>
Opening Balance	77,457	37,646
Acquisition Are The Ones	-	39,970
Disposals ( - ), Net	24,987	-
Amortization Cost (-)	-	159
<b>Closing Net Book Value</b>	<b>52,470</b>	<b>77,457</b>

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**1.15 Information on deferred tax asset**

As of 30 September 2021, deferred tax is offset as TL 1,263,559 in the balance sheet. In accordance with the related regulations deferred tax asset calculated as of 30 September 2021 is TL 1,394,094 (31 December 2020 – TL 932,455) and deferred tax liability is TL 130,535 (31 December 2020 – TL 96,933 TL).

	<b>Current Period</b>	<b>Previous period</b>
Reserve for employee benefits	41,404	48,263
Retirement pay liability	44,949	37,460
Deferred income	91,556	73,122
Impairment provision for subsidiaries, fixed assets and assets held for sale	855	1,281
Rediscounts for derivative instruments held for trading (net)	103,358	243,384
TFRS 9 Provisions	693,736	427,891
Precious metals valuation difference	306,051	-
Transferred financial losses (*)	80,524	73,642
Difference in valuation of securities	3,087	812
Other	28,574	26,600
<b>Deferred tax asset</b>	<b>1,394,094</b>	<b>932,455</b>
Derivative Transactions Valuation Differences	(46,611)	-
Precious Metal Valuation Difference	-	(23,908)
The difference between the registered value of tangible assets and tax value	(11,353)	(12,842)
Revaluation difference of financial assets at fair value through profit or loss	(40,620)	(48,114)
Other	(31,951)	(12,069)
<b>Deferred tax liability</b>	<b>(130,535)</b>	<b>(96,933)</b>
<b>Deferred tax asset, (net)</b>	<b>1,263,559</b>	<b>835,522</b>

(\*) Since the Group is planning to generate sufficient amount of taxable income to offset financial losses in the future, a total of 80,524 TL deferred tax assets (31 December 2020: TL 73,642) have been recorded in the records.

Table of deferred tax asset movement:

	<b>Current Period</b>	<b>Previous period</b>
As of January, 1	835,522	416,853
Deferred tax (expense)/income	370,434	274,753
Deferred tax accounted under equity	46,939	120,571
Other	10,664	23,345
<b>Deferred tax asset</b>	<b>1,263,559</b>	<b>835,522</b>

**1.16 Explanations on assets held for sale and discontinued operations:**

	<b>Current period</b>	<b>Prior period</b>
Opening Balance	519,087	473,326
Acquisition Are the Ones	22,889	172,426
Transfers from Property, Plant and Equipment	-	-
Disposals (-), Net	221,506	126,665
Tangible Assets Transfer	-	-
Amortization Cost (-)	-	-
Provision for Impairment (-)	-	-
<b>Closing Net Book Value</b>	<b>320,470</b>	<b>519,087</b>

**1.17 Information on other assets:**

As of balance sheet date, the Group's other assets amount to TL 4,175,769 (31 December 2020 – TL 10,037,261). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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**2. Explanations and notes related to consolidated liabilities**

**2.1 Information on funds collected**

**2.1.1 Information on maturity structure of funds collected:**

Current period	Demand	Up to 1 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
<b>I. Real persons current accounts-TL</b>	<b>13,671,938</b>	-	-	-	-	-	-	-	<b>13,671,938</b>
<b>II. Real persons profit sharing accounts TL</b>	-	<b>10,492,054</b>	<b>11,180,979</b>	<b>505,889</b>	-	<b>529,577</b>	<b>730,440</b>	<b>20,444</b>	<b>23,459,383</b>
<b>III. Other current accounts-TL</b>	<b>6,907,754</b>	-	-	-	-	-	-	-	<b>6,907,754</b>
Public sector	232,567	-	-	-	-	-	-	-	232,567
Commercial sector	6,570,254	-	-	-	-	-	-	-	6,570,254
Other institutions	80,344	-	-	-	-	-	-	-	80,344
Commercial and other institutions	-	-	-	-	-	-	-	-	-
<b>Banks and participation banks</b>	<b>24,589</b>	-	-	-	-	-	-	-	<b>24,589</b>
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	19,497	-	-	-	-	-	-	-	19,497
Participation banks	5,092	-	-	-	-	-	-	-	5,092
Others	-	-	-	-	-	-	-	-	-
<b>IV. Profit sharing accounts-TL</b>	-	<b>849,383</b>	<b>1,106,607</b>	<b>39,116</b>	-	<b>546,710</b>	<b>91,109</b>	<b>6</b>	<b>2,632,931</b>
Public sector	-	303	863	723	-	21,825	-	-	23,714
Commercial sector	-	715,335	917,075	14,769	-	512,292	88,526	6	2,248,003
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
<b>V. Real persons current accounts-FC</b>	<b>26,075,035</b>	-	-	-	-	-	-	-	<b>26,075,035</b>
<b>VI. Real persons profit sharing accounts-FC</b>	-	<b>9,477,830</b>	<b>12,481,156</b>	<b>1,360,846</b>	-	<b>2,240,065</b>	<b>2,952,374</b>	<b>6,612</b>	<b>28,518,883</b>
<b>VII. Other current accounts-FC</b>	<b>13,620,359</b>	-	-	-	-	-	-	-	<b>13,620,359</b>
Commercial residents in Turkey	10,336,357	-	-	-	-	-	-	-	10,336,357
Commercial residents in Abroad	2,270,623	-	-	-	-	-	-	-	2,270,623
<b>Banks and participation banks</b>	<b>1,013,379</b>	-	-	-	-	-	-	-	<b>1,013,379</b>
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	1,011,553	-	-	-	-	-	-	-	1,011,553
Participation banks	1,826	-	-	-	-	-	-	-	1,826
Others	-	-	-	-	-	-	-	-	-
<b>VIII. Profit sharing accounts- FC</b>	-	<b>1,019,019</b>	<b>2,105,379</b>	<b>304,088</b>	-	<b>312,757</b>	<b>147,857</b>	-	<b>3,889,100</b>
Public sector	-	6	-	-	-	-	-	-	6
Commercial sector	-	939,936	1,721,833	69,328	-	50,314	68,603	-	2,850,014
Other institutions	-	58,995	153,247	234,746	-	261,843	79,254	-	788,085
Commercial and other institutions	-	20,082	230,299	14	-	600	-	-	250,995
Banks and participation banks	-	-	-	-	-	-	-	-	-
<b>IX. Precious metal funds</b>	<b>29,082,248</b>	<b>5,906,342</b>	<b>2,705,794</b>	<b>394,960</b>	-	<b>297,022</b>	<b>11,508</b>	-	<b>38,397,874</b>
<b>X. Profit sharing accounts special funds - TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Profit sharing accounts special funds - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>89,357,334</b>	<b>27,744,628</b>	<b>29,579,915</b>	<b>2,604,899</b>	-	<b>3,926,131</b>	<b>3,933,288</b>	<b>27,062</b>	<b>157,173,257</b>

There are no 7 days notification accounts of the Group.



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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
<b>I. Real persons current accounts-TL</b>	<b>9,214,591</b>	-	-	-	-	-	-	-	<b>9,214,591</b>
<b>II. Real persons profit sharing accounts-TL</b>	-	<b>6,461,888</b>	<b>8,497,859</b>	<b>508,942</b>	-	<b>729,392</b>	<b>956,849</b>	<b>22,604</b>	<b>17,177,534</b>
<b>III. Other current accounts-TL</b>	<b>5,029,690</b>	-	-	-	-	-	-	-	<b>5,029,690</b>
Public sector	194,879	-	-	-	-	-	-	-	194,879
Commercial sector	4,783,318	-	-	-	-	-	-	-	4,783,318
Other institutions	39,576	-	-	-	-	-	-	-	39,576
Commercial and other institutions	-	-	-	-	-	-	-	-	-
<b>Banks and participation banks</b>	<b>11,917</b>	-	-	-	-	-	-	-	<b>11,917</b>
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	11,614	-	-	-	-	-	-	-	11,614
Participation banks	303	-	-	-	-	-	-	-	303
Others	-	-	-	-	-	-	-	-	-
<b>IV. Profit sharing accounts-TL</b>	-	<b>602,957</b>	<b>989,697</b>	<b>42,390</b>	-	<b>312,745</b>	<b>109,333</b>	<b>2</b>	<b>2,057,124</b>
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
<b>V. Real persons current accounts-FC</b>	<b>21,358,154</b>	-	-	-	-	-	-	-	<b>21,358,154</b>
<b>VI. Real persons profit sharing accounts-FC</b>	-	<b>6,979,266</b>	<b>8,866,523</b>	<b>1,111,289</b>	-	<b>2,284,117</b>	<b>2,464,048</b>	<b>4,205</b>	<b>21,709,448</b>
<b>VII. Other current accounts-FC</b>	<b>10,739,481</b>	-	-	-	-	-	-	-	<b>10,739,481</b>
Commercial residents in Turkey	8,823,743	-	-	-	-	-	-	-	8,823,743
Commercial residents in Abroad	1,282,174	-	-	-	-	-	-	-	1,282,174
<b>Banks and participation banks</b>	<b>633,564</b>	-	-	-	-	-	-	-	<b>633,564</b>
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	628,905	-	-	-	-	-	-	-	628,905
Participation banks	4,659	-	-	-	-	-	-	-	4,659
Others	-	-	-	-	-	-	-	-	-
<b>VIII. Profit sharing accounts- FC</b>	-	<b>745,772</b>	<b>1,656,288</b>	<b>107,516</b>	-	<b>177,058</b>	<b>123,297</b>	-	<b>2,809,931</b>
Public sector	-	3	-	-	-	-	-	-	3
Commercial sector	-	670,072	1,404,349	34,838	-	30,766	58,728	-	2,198,753
Other institutions	-	32,466	91,760	72,666	-	145,794	64,569	-	407,255
Commercial and other institutions	-	43,231	160,179	12	-	498	-	-	203,920
Banks and participation banks	-	-	-	-	-	-	-	-	-
<b>IX. Precious metal funds</b>	<b>28,025,054</b>	<b>5,342,933</b>	<b>2,559,094</b>	<b>379,540</b>	-	<b>281,184</b>	<b>10,713</b>	<b>90</b>	<b>36,598,608</b>
<b>X. Profit sharing accounts special funds - TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Profit sharing accounts special funds - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>74,366,970</b>	<b>20,132,816</b>	<b>22,569,461</b>	<b>2,149,677</b>	-	<b>3,784,496</b>	<b>3,664,240</b>	<b>26,901</b>	<b>126,694,561</b>

There are no 7 days notification of the Group.

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

The headquarters of the Parent Bank is in Turkey.

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

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

	Current Period	Prior Period
Foreign branches' profit-sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit-sharing accounts of their mother, father, spouse and children in care	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 offshore 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	658,452	1,367,405	283,393
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>13,476</b>	<b>662,685</b>	<b>1,390,486</b>	<b>286,320</b>

**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	174,785	18,642	129,343	38,870
From Foreign Banks, Institutions and Funds	-	2,735,883	45,929	4,990,179
<b>Total</b>	<b>174,785</b>	<b>2,754,525</b>	<b>175,272</b>	<b>5,029,049</b>

**2.3.2 Information on maturity structure of borrowings:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	117,517	1,361,888	175,272	3,914,835
Medium and Long-Term	57,268	1,392,637	-	1,114,214
<b>Total</b>	<b>174,785</b>	<b>2,754,525</b>	<b>175,272</b>	<b>5,029,049</b>

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

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

**2.4. Information on securities issued**

The Group has issued sukuks, detailed below. The average return on securities issued is 18.33% for Turkish Lira and 5.08% for USD. The maturity of sukuk issued in Turkish Lira is between October 2021 and December 2021; and Maturity of sukuk issued in USD is between November 2021.

Current Period	TL		FC	
	Short Term	Medium and Long-Term	Short Term	Medium and Long-Term
Nominal	4,566,082	-	-	4,443,850
Remaining Income Distribution	223,887	-	-	2,255,094
Book Value	4,569,181	-	-	4,118,019

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

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**2.5 Information on other liabilities and miscellaneous payables:**

As of 30 September 2021, other liabilities amount to TL 2,216,981 (31 December 2020 – TL 1,410,151), 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.

**2.6 Information on finance lease payables (Net):**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	17,394	16,700	147,042	137,379
1 to 4 years	36,338	31,788	253,354	165,644
More than 4 years	474,176	305,636	127,183	46,271
<b>Total</b>	<b>527,908</b>	<b>354,124</b>	<b>527,579</b>	<b>349,294</b>

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

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

None (31 December 2020 – None).

**2.6.1.1. Explanations on financial leasing obligations**

None (31 December 2020 – None).

**2.6.1.2. Explanations on operating lease:**

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

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

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

**2.7 Information on hedging derivative financial liabilities:**

None. (31 December 2020 - None)

**2.8 Information on provisions:**

**2.8.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans:**

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.

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**2.8.2 Information on other provisions:**

	<b>Current Period</b>	<b>Prior Period</b>
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 (*)	132,441	109,796
<b>Total</b>	<b>1,064,093</b>	<b>1,166,534</b>

(\*) 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 15,870 (December 31, 2020 – TL 17,960).

**2.8.3 Information on provisions for employee benefits:**

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 230,421 (31 December 2020 – TL 189,033), vacation pay liability amounting to TL 9,928 (31 December 2020 – TL 2,714), performance premium amounting to TL 83,222 (31 December 2020 – TL 145,178), 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 Parent Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

The compensation to be paid is up to one month's salary for each service year and this amount is limited to 8,284.51 TL (full TL amount) (31 December 2020 - 6,730.15 TL (full TL amount)). The liability is not funded, as there is no funding requirement.

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

	<b>Current Period</b>	<b>Prior Period</b>
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:

	<b>Current Period</b>	<b>Prior Period</b>
Balance at the beginning of the period	189,033	122,748
Provisions recognized during the period	50,537	30,769
Paid during the period	(9,149)	(4,704)
Actuarial loss	-	40,220
<b>Balances at the end of the period</b>	<b>230,421</b>	<b>189,033</b>

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**2.9 Explanations on tax liability:**

**2.9.1** Explanations on current tax liability:

**2.9.1.1** Information on tax provisions: TL 369,012. (31 December 2020 – TL 389,870)

**2.9.1.2** Information on taxes payable (\*):

	<b>Current Period</b>	<b>Prior Period</b>
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
<b>Total</b>	<b>111,920</b>	<b>100,966</b>

(\*) Included in Other Liabilities/Miscellaneous Payables in the Balance Sheet.

**2.9.1.3** Information on premiums (\*):

	<b>Current Period</b>	<b>Prior Period</b>
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	-	-
<b>Total</b>	<b>24,097</b>	<b>19,997</b>

(\*) Included in Other Liabilities/Miscellaneous Payables in the Balance Sheet.

**2.9.1.4** Informations on deferred tax liability:

None (31 December 2020 - None).

**2.10 Information on payables related to assets held for sale:**

None (31 December 2020 – None).

**2.11 Information on subordinated loans:**

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**2.12 Information on shareholders' equity:**

**2.12.1 Presentation of paid-in capital:**

	<b>Current Period</b>	<b>Prior Period</b>
Common shares	4,600,000	4,600,000
Preference shares	-	-
Repurchased shares amount (*)	(4,869)	(4,869)
<b>Total</b>	<b>4,595,131</b>	<b>4,595,131</b>

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

**2.12.2 Amount of Paid-in Capital, Disclosure on whether the Bank Applies the Registered Share Capital System, and, if so, the Ceiling Amount of the Registered Share Capital:**

Registered capital system is not applied in the Parent Bank.

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

None

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

None

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

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

**2.12.6 Summary of privileges given to shares representing the capital:**

None (31 December 2020- None).

**2.12.7 Information on marketable securities value increase fund:**

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

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

**2.13 Information on minority shares:**

30 September 2021 - TL 31,918. (31 December 2020 - TL 30,004).

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

**3.1. Explanations on off-balance sheet accounts:**

**3.1.1** Types and amounts of irrevocable commitments:

Commitment for credit card limits, as of 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 Group has guarantees and surety ships constituting of TL 10,099,221 (31 December 2020 – TL 9,588,633) 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, Parent 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	13,746,649	11,828,104
<b>Total</b>	<b>13,801,257</b>	<b>11,861,333</b>

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

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

**3.1.5.** Information on non-cash loans classified in Group I and II:

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

**3.2. Explanations on derivative transactions:**

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

**3.3. Explanations on credit derivatives and their risks:**

None.

**3.4. Explanations on contingent liabilities and assets:**

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

None.

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

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**4. Explanations and notes related to the consolidated statement of income**

**4.1 Information on profit share income:**

**4.1.1 Information on profit share received from loans:**

	Current period		Prior period	
	TL	FC	TL	FC
<b>Profit share on loans</b>	<b>5,020,801</b>	<b>1,014,175</b>	<b>3,782,353</b>	<b>765,470</b>
Short term loans	1,504,994	250,292	773,834	139,655
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	-	-	-	-
<b>Total</b>	<b>5,020,801</b>	<b>1,014,175</b>	<b>3,782,353</b>	<b>765,470</b>

**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	91,533	8,435	66,989	-
Foreign Banks	5,214	67,213	38,196	57,149
Branches and head office abroad	-	-	-	335
<b>Total</b>	<b>96,747</b>	<b>75,648</b>	<b>105,185</b>	<b>57,484</b>

**4.1.3 Information on profit share income from securities portfolio:**

	Current Period		Prior Period	
	TP	YP	TP	YP
Financial Assets at Fair Value through Profit or Loss	47,186	122,914	83,700	174,020
Financial Assets at Fair Value Through Other Comprehensive Income	1,896,728	310,146	1,152,045	292,959
Financial Assets valued at Amortized Cost	70,314	81,577	33,745	124,170
<b>Total</b>	<b>2,014,228</b>	<b>514,637</b>	<b>1,269,490</b>	<b>591,149</b>

**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	180	178

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**4.2 Information on profit share expenses:**

**4.2.1 Information on profit share given to loans used:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	<b>20,256</b>	<b>94,324</b>	<b>19,403</b>	<b>17,774</b>
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	16,514	1,931	18,893	3,925
Foreign banks	3,742	92,393	510	13,849
Branches and head office abroad	-	-	-	-
Other Institutions	1	179,410	-	246,143
<b>Total</b>	<b>20,257</b>	<b>273,734</b>	<b>19,403</b>	<b>263,917</b>

**4.2.2 Profit share expense given to associates and subsidiaries:**

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	876	1,026

**4.2.3 Profit share expense paid to securities issued:**

Due to the securities issued in the Group's liabilities, profit-share amounting to TL 657,781 have been paid as of the period (1 January-30 September 2020 – 257,756 TL).

**4.3 Information on dividend income:**

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

Current period		Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
Account name	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year			
<b>TL</b>									
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	91,465	1,670	-	1,544	1,053	-	157,274	
Other institutions profit sharing account	11,639	17,598	1,633	-	430	51	-	31,351	
<b>Total</b>	<b>921,224</b>	<b>1,104,870</b>	<b>53,261</b>	<b>-</b>	<b>60,874</b>	<b>75,535</b>	<b>1,889</b>	<b>2,217,653</b>	
<b>FC</b>									
Banks	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	47,591	76,972	6,106	-	9,597	12,120	54	152,440	
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	
<b>Total</b>	<b>58,197</b>	<b>89,418</b>	<b>6,779</b>	<b>-</b>	<b>10,075</b>	<b>12,164</b>	<b>54</b>	<b>176,687</b>	
<b>Grand Total</b>	<b>979,421</b>	<b>1,194,288</b>	<b>60,040</b>	<b>-</b>	<b>70,949</b>	<b>87,699</b>	<b>1,943</b>	<b>2,394,340</b>	

Prior period		Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
Account name	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year			
<b>TL</b>									
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	66,273	3,411	-	1,477	1,010	-	105,489	
Other institutions profit sharing account	3,453	8,142	765	-	308	113	-	12,781	
<b>Total</b>	<b>430,975</b>	<b>670,365</b>	<b>42,714</b>	<b>-</b>	<b>46,891</b>	<b>70,249</b>	<b>902</b>	<b>1,262,096</b>	
<b>FC</b>									
Banks	15	543	27	-	-	-	-	585	
Real person's non-trading profit sharing account	29,998	60,563	7,261	-	7,569	10,657	16	116,064	
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	
<b>Total</b>	<b>39,835</b>	<b>76,138</b>	<b>8,420</b>	<b>-</b>	<b>8,678</b>	<b>10,745</b>	<b>16</b>	<b>143,832</b>	
<b>Grand Total</b>	<b>470,810</b>	<b>746,503</b>	<b>51,134</b>	<b>-</b>	<b>55,569</b>	<b>80,994</b>	<b>918</b>	<b>1,405,928</b>	

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**4.5 Information on trading income/loss (Net):**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Trading profit / loss (net)</b>	<b>260,623</b>	<b>1,122,181</b>
<b>Profit</b>	<b>54,258,643</b>	<b>38,213,987</b>
Gain on capital market transactions	76,744	63,274
Gain on derivative financial instruments	5,975,099	5,934,813
Foreign exchange profit	48,206,800	32,215,900
<b>Losses (-)</b>	<b>(53,998,020)</b>	<b>(37,091,806)</b>
Losses on capital market transactions	(30,988)	(13,204)
Losses on derivative financial instruments	(4,822,907)	(5,626,244)
Foreign exchange losses	(49,144,125)	(31,452,358)

**4.6 Information on other operating income:**

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

	<b>Current Period</b>	<b>Prior Period</b>
Reversal of prior period provisions	1,488,669	1,169,637
Reversal of provisions from profits 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	39,516	39,671
<b>Total</b>	<b>1,895,525</b>	<b>1,290,285</b>

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

	<b>Current Period (*)</b>	<b>Prior Period (*)</b>
<b>Expected Credit Loss</b>	<b>2,488,826</b>	<b>2,654,574</b>
12 month expected credit loss (Stage 1)	604,474	656,398
Significant increase in credit risk (Stage 2)	1,238,824	1,061,065
Non-performing loans (Stage 3)	645,528	937,111
<b>Marketable Securities Impairment Expense</b>	<b>1,361</b>	<b>16,805</b>
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 (**)	<b>38,254</b>	<b>221,424</b>
<b>Total</b>	<b>2,528,441</b>	<b>2,892,803</b>

(\*) 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.

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**4.8 Information on other operating expenses:**

	Current Period	Prior Period
Provision for retirement pay liability (*)	41,388	22,423
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	185,848	157,943
Impairment Expenses of intangible fixed assets	-	-
Depreciation expenses of intangible assets	50,242	35,366
Depreciation expenses of assets held for sale	-	-
Other operating expenses	371,743	321,336
Lease Expenses Regarding TFRS 16 Exemptions	10,878	9,722
Maintenance expenses	61,409	51,399
Advertisement expenses	21,671	18,788
Communication expenses	56,911	47,497
Heating, electricity and water expenses	21,481	20,140
Cleaning expenses	7,527	6,293
Vehicle expenses	9,822	6,845
Stationery expenses	7,597	7,916
Other expenses	174,447	152,736
Losses on sales of assets	3,515	280
Deposit insurance fund expenses	306,548	231,401
Other	1,110,667	908,488
<b>Total</b>	<b>2,069,951</b>	<b>1,677,237</b>

(\*) 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:**

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

**4.10 Information on tax provision for continued and discontinued operations:**

Current period tax provision for the period amounting to TL 911,354 (1 January-30 September 2020 – TL 472,248), deferred tax income of TL 420,611 (1 January-30 September 2020 – TL 309,121) and deferred tax expense of TL 50,177 (1 January-30 September 2020 – TL 192,641)

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

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

**4.12 Information on net income/loss:**

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

As of 30 September 2021, net profit share income is TL 5,499,911 (1 January-30 September 2020 – TL 4,630,150) net fees and commission income is TL 350,019 (1 January-30 September 2020 – TL 184,811).

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:**

	Current Period	Prior Period
Profit / (Loss) of Minority Shares	21,554	9,535

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

As of 30 September 2021, other fees and commissions received is TL 758,853 (1 January – 30 September 2020 – TL 504,669), 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 498,594 (1 January - 30 September 2020 – TL 443,213), 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 25,641) of this amount is related with fees and commissions paid for credit cards.

**5. Explanations and notes related to the consolidated statement of shareholders' equity**

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

**6. Explanations and notes related to consolidated statement of cash flows**

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

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

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

Current period:

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and other receivables					
Balance at beginning of period	169	16,291	4,695	6,709	54,992	6,632
Balance at end of period	84	19,403	5,172	22,605	60,412	1,633
Profit share and commission income	-	180	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	182	18,827	1,868	7,206	780,512	723
Balance at end of period	169	16,291	4,695	6,709	54,992	6,632
Profit share and commission income	-	178	158	63	3,993	-

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

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

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior period	Current period	Prior Period	Current period	Prior period
Current and profit-sharing accounts						
Balance at beginning of period	24,405	54,178	58,677	151,321	203,570	137,061
Balance at end of period	31,411	24,405	67,228	58,677	225,275	203,570
Profit share expense	876	1,026	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 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
<b>Transactions at Fair Value through Profit or Loss</b>						
Balance at beginning of period	-	-	716,065	607,498	-	-
Balance at end of period	-	-	1,345,235	716,065	-	-
Total Profit / Loss	-	-	(6,716)	(13,619)	-	-
<b>Hedging Transactions</b>						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

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

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

**7.5 Information on remunerations provided to top management:**

As of 1 January - 30 September 2021, the Bank has paid TL 95,071 to top management (1 January – 30 September 2020- TL 73,865).

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

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

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

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a nominal value of TL 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%

**SECTION SIX**

**OTHER EXPLANATIONS**

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

**SECTION SEVEN**

**LIMITED REVIEW REPORT**

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

The consolidated financial statements have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated 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**  
**CONSOLIDATED INTERIM REPORT**

**1. The Parent Bank explanations on interim annual report including the evaluations of interim activities of the Chairman of the Board of Directors and General Manager**

**1.1 About Kuveyt Türk**

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

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:**

<b>CONSOLIDATED BALANCE SHEET</b>	<b>30.09.2021</b>	<b>31.12.2020</b>
CASH BALANCES AND CENTRAL BANK	43,511,561	25,110,970
BANKS	12,966,320	7,370,553
SECURITIES	38,368,342	34,986,094
LOANS	91,761,219	77,954,825
FINANCE LEASE RECEIVABLES (Net)	8,273,911	5,010,996
EXPECTED CREDIT LOSS	7,246,198	5,449,476
TANGIBLE ASSETS (Net)	947,351	924,082
OTHER ASSETS	6,712,813	12,289,069
<b>TOTAL ASSETS</b>	<b>195,295,319</b>	<b>158,197,113</b>
FUND COLLECTED	157,173,257	126,694,561
FUNDS BORROWED	2,929,310	5,204,321
MARKETABLE SECURITIES ISSUED (Net)	8,687,200	5,159,273
FINANCE LEASE PAYABLES (Net)	354,124	349,294
SUBORDINATED LOANS	5,373,933	4,590,265
OTHER LIABILITIES	11,064,784	8,168,585
EQUITY	9,712,711	8,030,814
<b>TOTAL LIABILITIES</b>	<b>195,295,319</b>	<b>158,197,113</b>
<b>CONSOLIDATED STATEMENT OF PROFIT AND LOSS</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
PROFIT SHARE INCOME	9,324,621	6,878,846
PROFIT SHARE EXPENSE	3,824,710	2,248,696
NET PROFIT SHARE INCOME/EXPENSE	5,499,911	4,630,150
NET FEES AND COMMISSION INCOME/EXPENSE	350,019	184,811
PERSONNEL EXPENSES	1,167,915	987,129
DIVIDEND INCOME	5,843	68
NET TRADING INCOME / LOSS	260,623	1,122,181
OTHER OPERATING INCOME	1,895,525	1,290,285
EXPECTED CREDIT LOSS (-)	2,488,826	2,654,574
OTHER PROVISION EXPENSES (-)	39,615	238,229
OTHER OPERATING EXPENSES (-)	2,069,951	1,654,814
PROFIT / LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING	20,988	15,416
INCOME/ LOSS BEFORE TAX	2,266,602	1,708,165
TAX CHARGE	540,920	355,768
<b>CURRENT PERIOD INCOME/LOSSES</b>	<b>1,725,682</b>	<b>1,352,397</b>
	<b>30.09.2021</b>	<b>31.12.2020</b>
Total Loans/Total Assets*	51.22%	52.44%
Total Loans/Fund Collected*	63.65%	65.48%
Average Equity Profit **	25.94%	22.94%
Average Assets Profit **	1.30%	1.31%
Capital Adequacy Ratio	18.80%	19.97%

\* Finance Lease Receivables is included in total loans.

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

# KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

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#### 1.3 Message from the Chairman

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.

Dear Shareholders,

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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#### 1.4 Message from the General Manager

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 27.60 percent compared to the same period of the previous year, reaching 1 billion 726 million TL. The size of the funds collected by Kuveyt Türk reached 157 billion 173 million TL with an increase of 24.06 percent compared to 2020, while the size of the funds allocated increased to 100 billion 35 million TL with an increase of 20.57 percent. Reaching its shareholders' equity to 9 billion 713 million TL and its asset size to 195 billion 295 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 Türk". 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**  
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, consolidated financial statements asset size is TL 195 billion 295 million, amount of the utilization of funds is TL 100 billion 35 million and funds collected amount is TL 157 billion 173 million. Due to the effect of the first nine months' profit of TL 1 billion 726 million, the ratio of shareholder equity increased 20.94% by reaching TL 9 billion 713 million. As of 30 September 2021, consolidated capital adequacy ratio has been realized as 18.80%.

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

**1.6 Significant Events and Transactions Occurring During the Three Months Period**

The Group, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a total nominal value of 4 billion 485 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.