

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

Consolidated Financial Statements  
As of and For the Three Month Period Ended 31 March 2021  
With Independent Auditors' Review Report  
(Convenience Translation of Consolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat:2-9  
Levent 34330 İstanbul  
Tel +90 212 316 6000  
Fax +90 212 316 6060  
www.kpmg.com.tr

Convenience Translation of the Independent Auditor's Review Report  
Originally Prepared and Issued in Turkish to English (See Note I in Section  
Three)

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

To the Board of Directors of Türkiye Kalkınma ve Yatırım Bankası A.Ş.

### **Introduction**

We have reviewed the accompanying consolidated balance sheet of Türkiye Kalkınma ve Yatırım Bankası A.Ş (the "Bank") and its subsidiaries subject to consolidation (collectively referred to as the "Group") as at 31 March 2021 and the consolidated statement of profit or loss, 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 information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "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 Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.



#### Scope of review

We conducted our review in accordance with 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 and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not presented fairly in all material respects, the financial position of Türkiye Kalkınma ve Yatırım Bankası A.Ş. and its subsidiaries subject to consolidation at 31 March 2021, and its consolidated financial performance and its cash flows for the three-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

#### *Report on other regulatory requirements arising from legislation*

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

#### *Additional paragraph for convenience translation to English*

The accounting principles summarized in Note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated interim financial information is not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated interim financial information and IFRS.

**KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.**

**Erdal Tıkmak**

**Partner**

30 April 2021  
Istanbul, Turkey

**THE CONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. AS OF 31 MARCH 2021**

The Headquarters Address      Saray Mahallesi  
Dr.Adnan Büyükdeniz Cad. No:10  
Ümraniye / İSTANBUL  
Telephone and Facsimile      Tel : 0 216 636 87 00  
Fax: 0 216 636 89 28  
Website Address      http://www.kalkinma.com.tr  
E-mail Address      muhasebe@kalkinma.com.tr

The consolidated financial report for three months prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections:

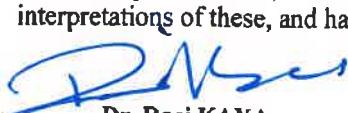
- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- DISCLOSURES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
- CONSOLIDATED INTERIM ACTIVITY REPORT

The subsidiaries whose financial statements are consolidated within the framework of this financial report are as follows:

**Subsidiaries**


Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.  
Kalkınma Yatırım Varlık Kiralama A.Ş.

The accompanying consolidated financial statements and notes to these financial statements for three months which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed.

  
**Dr. Raci KAYA**  
Chairman of the Board

  
**İbrahim H. ÖZTOP**  
CEO and Board Member

  
**Dr. Turgay GEÇER**  
Chairman of Audit Committee

  
**Erdal ERDEM**  
Deputy Chairman of  
Audit Committee

  
**Abdullah BAYAZIT**  
Member of Audit  
Committee

  
**S. Balci**  
Sati BALCI  
Executive Vice President  
Responsible for Financial Reporting

  
**Aydın TOSUN**  
Head of Financial Affairs

**Information on the authorized personnel to whom questions related to this financial report may be directed:**

Name Surname/Title : Atila ALPTEKİN / Finance Manager  
Tel No : 0 216 636 88 87

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## **SECTION ONE**

### **GENERAL INFORMATION**

#### **I. Establishment Date of the Parent Bank, Initial Articles of Association, History of the Bank Including the Changes of These Articles:**

The Parent Bank was established on 27 November 1975 according to the Decree Based on Law numbered 13 as a related institution of the Ministry of Trade and Technology with the legal title of “Devlet Sanayi ve İşçi Yatırım Bankası A.Ş.”. Some adjustments were made on the status of the Bank with the Decree Based on Law numbered 165 dated 14 November 1983.

On 15 July 1988, its legal title was changed to Türkiye Kalkınma Bankası A.Ş. by being associated to the Prime Ministry in the context of the Decree Law numbered 329 and in parallel with the developments in its activities. The Bank had become a development and investment bank that provides financing support to companies in tourism sector as well as trade sector by taking over T.C. Turizm Bankası A.Ş. with all of its assets and liabilities with the decision of Supreme Planning Council dated 20 January 1989 and numbered 89/T-2. Also with the Decree Law numbered 401 dated 12 February 1990, some of the articles related to the Bank status were changed.

With the Law dated 14 October 1999 and numbered 4456, Decree Law numbered 13, 165, 329 and 401 were revoked and the establishment and operating principles of the Parent Bank were rearranged.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147 was abolished and the Law dated 14 October 1999 and numbered 4456 was revoked. The Parent Bank’s name was changed to Türkiye Kalkınma ve Yatırım Bankası A.Ş with the law numbered 7147.

#### **II. Capital Structure of the Parent Bank, Shareholders that Retain Direct or Indirect Control and Management of the Bank Solely or Together, Changes about These Issues During the Year And Disclosures about the Group:**

The capital ceiling of the Parent Bank which is subject to registered capital system is TL 2.500.000. The issued capital within the registered capital is TL 1.600.000 (The Parent Bank’s capital consist of 160 Billion shares with par value of TL 0,01 each), and the shareholders and their shares in the issued capital are shown below:

| <b>Shareholders</b>               | <b>Share Amount<br/>(Thousand TL)</b> | <b>Share (%)</b> | <b>Share Capital<br/>(Thousand<br/>TL)</b> | <b>Unpaid<br/>Capital<br/>(Thousand<br/>TL)</b> |
|-----------------------------------|---------------------------------------|------------------|--|---|
| Treasury                          | 1.585.304                             | 99,08            | 1.585.304                                  | -   |
| Other Shareholders <sup>(*)</sup> | 14.696                                | 0,92             | 14.696                                     | -   |
| <b>Total</b>                      | <b>1.600.000</b>                      | <b>100,00</b>    | <b>1.600.000</b>                           | <b>-</b>  |

(\*)Includes all shareholders and shares of theses shareholders are traded in Borsa İstanbul. Therefore, number of shareholders can’t be known.

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

**III. Explanations Regarding the Parent Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents And Their Shares Attributable to the Parent Bank, if any:**

**Chairman and Members of the Board of Directors:**

| Name Surname        | Duty                         | Assignment Date | Education Level   | Experience in Banking Sector (Years) |
|---------------------|------------------------------|-----------------|-------------------|--------------------------------------|
| Dr. Raci KAYA       | Chairman of the Board        | 09.11.2020      | Doctorate         | 30                                   |
| Murat ZAMAN         | Deputy Chairman of the Board | 05.11.2019      | Master's Degree   | 19                                   |
| İbrahim H. ÖZTOP    | CEO and Board Member         | 13.12.2018      | Master's Degree   | 25                                   |
| Salim Can KARAŞIKLI | Board Member                 | 13.12.2018      | Bachelor's Degree | 27                                   |
| Dr. Turgay GEÇER    | Board Member                 | 27.05.2019      | Doctorate         | 30                                   |
| Erdal ERDEM         | Board Member                 | 10.07.2020      | Bachelor's Degree | 25                                   |
| Abdullah BAYAZIT    | Board Member                 | 10.07.2020      | Master's Degree   | 16                                   |

**General Manager, Executive Vice Presidents:**

| Name Surname               | Duty  | Assignment Date | Education Level   | Experience in Banking Sector (Years) |
|----------------------------|---|-----------------|-------------------|--------------------------------------|
| İbrahim H. ÖZTOP           | General Manager / All areas   | 16.08.2018      | Master's Degree   | 25                                   |
| Zekai İŞILDAR              | EVP/ Human Resources Management, Human Resources System and Strategy, Support Services  | 30.01.2009      | Bachelor's Degree | 33                                   |
| Satı BALCI                 | EVP/ Subsidiaries, Corporate Relations and Sustainability, Financial Affairs, Loan Operations, Treasury and Capital Market Operations   | 07.11.2017      | Bachelor's Degree | 32                                   |
| Ufuk Bala YÜCEL            | EVP/ Loan Allocation, Loan Monitoring, Legal Affairs  | 01.02.2019      | Master's Degree   | 32                                   |
| Seçil KIZILKAYA YILDIZ     | EVP/ Financial Analysis and Valuation, Engineering, Economic Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Development Fund of Turkey, Corporate Communications | 08.03.2019      | Bachelor's Degree | 21                                   |
| Özgür MARAŞ <sup>(*)</sup> | EVP/ Corporate Banking and Project Finance, IT System and Infrastructure, IT Application Development  | 17.04.2019      | Bachelor's Degree | 29                                   |
| Emine Özlem CİNEMRE        | EVP/ Treasury, Financial Institutions, Development Finance Institutions, Development Cooperation and Wholesale Banking  | 20.05.2019      | Bachelor's Degree | 33                                   |

<sup>(\*)</sup> Executive Vice President Özgür MARAŞ resigned from his duties in the Bank as of 30 April 2021.

**Chief Internal Inspector:**

| Name Surname            | Duty                     | Assignment Date | Education Level | Experience in Banking Sector (Years) |
|-------------------------|--------------------------|-----------------|-----------------|--------------------------------------|
| Dr. Kaan Ramazan ÇAKALI | Chief Internal Inspector | 27.05.2019      | Doctorate       | 18                                   |

Executives mentioned above do not own any shares of the Parent Bank in the part which is not publicly traded.



**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

**IV. Information About Persons And Institutions that Have Qualified Shares Attributable to the Parent Bank:**

Republic of Turkey Ministry of Treasury and Finance owns 99,08% of the shares of the Parent Bank.

**V. Summary of Functions and Lines of Activities of the Parent Bank:**

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner.

**VI. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods::**

Since Kalkınma Yatırım Menkul Değerler A.Ş. which is the subsidiary of the Bank is in liquidation process, the Bank has lost control over its subsidiary in accordance with the related provisions of TAS and TFRS and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been reclassified to financial assets measured at fair value through other comprehensive income.

The Parent Bank, in its subsidiaries; has participated 100% in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50 and a 100% participation in the Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1,800.

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi and Kalkınma Yatırım Varlık Kiralama Anonim Şirketi are consolidated in the consolidated financial statements by full consolidation method as of December 31, 2020.

As the subsidiaries Maksan A.Ş. and Türk Suudi Holding A.Ş. are not financial institutions, they are not consolidated using the equity method in the consolidated financial statements within the scope of the Communiqué on Preparation of Consolidated Financial Statements of Banks.

**VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the parent bank and its subsidiaries:**

As explained above, Kalkınma Yatırım Menkul Değerler A.Ş. is in liquidation process, and transfer of equity is expected to be made at the end of the liquidation process.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Consolidated Balance Sheet (Statement of Financial Position) As of 31 March 2021**  
(Thousand of Turkish Lira (TL) unless otherwise stated)

| I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)                             |  | Note                | Reviewed<br>Current Period<br>31 March 2021 |                   |                   | Audited<br>Prior Period<br>31 December 2020 |                   |                   |
|---|--|---------------------|---|-------------------|-------------------|---|-------------------|-------------------|
| ASSETS  |  | (Section<br>Five I) | TL  | FC                | TOTAL             | TL  | FC                | TOTAL             |
| <b>I. FINANCIAL ASSETS (NET)</b>  |  | (1)                 | <b>3.552.958</b>                            | <b>2.432.455</b>  | <b>5.985.413</b>  | <b>3.518.996</b>                            | <b>2.622.919</b>  | <b>6.141.915</b>  |
| <b>1.1 Cash and Cash Equivalents</b>  |  |                     | <b>2.712.571</b>                            | <b>1.621.443</b>  | <b>4.334.014</b>  | <b>2.943.934</b>                            | <b>2.112.671</b>  | <b>5.056.605</b>  |
| 1.1.1 Cash and Balances with Central Bank   |  |                     | 1.464                                       | -                 | 1.464             | 1.126                                       | -                 | 1.126             |
| 1.1.2 Banks   |  |                     | 1.768.974                                   | 1.621.443         | 3.390.417         | 1.451.253                                   | 2.112.671         | 3.563.924         |
| 1.1.3 Money Markets   |  |                     | 950.494                                     | -                 | 950.494           | 1.500.739                                   | -                 | 1.500.739         |
| 1.1.4 Expected Credit Loss (-)  |  |                     | (8.361)                                     | -                 | (8.361)           | (9.184)                                     | -                 | (9.184)           |
| <b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>                   |  |                     | <b>-</b>                                    | <b>184.348</b>    | <b>184.348</b>    | <b>-</b>                                    | <b>119.725</b>    | <b>119.725</b>    |
| 1.2.1 Government Securities   |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| 1.2.2 Equity Securities   |  |                     | -   | 184.348           | 184.348           | -   | 119.725           | 119.725           |
| 1.2.3 Other Financial Assets  |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| <b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>       |  |                     | <b>840.387</b>                              | <b>626.664</b>    | <b>1.467.051</b>  | <b>575.019</b>                              | <b>390.523</b>    | <b>965.542</b>    |
| 1.3.1 Government Securities   |  |                     | 813.826                                     | 534.917           | 1.348.743         | 549.917                                     | 345.964           | 895.881           |
| 1.3.2 Equity Securities   |  |                     | 14.990                                      | -                 | 14.990            | 14.990                                      | -                 | 14.990            |
| 1.3.3 Other Financial Assets  |  |                     | 11.571                                      | 91.747            | 103.318           | 10.112                                      | 44.559            | 54.671            |
| <b>1.4 Derivative Financial Assets</b>  |  |                     | <b>-</b>                                    | <b>-</b>          | <b>-</b>          | <b>43</b>                                   | <b>-</b>          | <b>43</b>         |
| 1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss             |  |                     | -   | -                 | -                 | 43  | -                 | 43                |
| 1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| <b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>                                |  | (2)                 | <b>1.423.241</b>                            | <b>23.080.531</b> | <b>24.503.772</b> | <b>1.194.875</b>                            | <b>20.580.110</b> | <b>21.774.985</b> |
| <b>2.1 Loans</b>  |  |                     | <b>1.701.495</b>                            | <b>21.359.443</b> | <b>23.060.938</b> | <b>1.415.404</b>                            | <b>18.987.319</b> | <b>20.402.723</b> |
| <b>2.2 Lease Receivables</b>  |  |                     | <b>38</b>                                   | <b>-</b>          | <b>38</b>         | <b>30</b>                                   | <b>-</b>          | <b>30</b>         |
| <b>2.3 Factoring Receivables</b>  |  |                     | <b>-</b>                                    | <b>-</b>          | <b>-</b>          | <b>-</b>                                    | <b>-</b>          | <b>-</b>          |
| <b>2.4 Other Financial Assets Measured at Amortised Cost</b>                                |  |                     | <b>128.251</b>                              | <b>1.721.088</b>  | <b>1.849.339</b>  | <b>124.551</b>                              | <b>1.592.791</b>  | <b>1.717.342</b>  |
| 2.4.1 Government Securities   |  |                     | 128.251                                     | 1.721.088         | 1.849.339         | 124.551                                     | 1.592.791         | 1.717.342         |
| 2.4.2 Other Financial Assets  |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| <b>2.5 Expected Credit Loss (-)</b>   |  |                     | <b>(406.543)</b>                            | <b>-</b>          | <b>(406.543)</b>  | <b>(345.110)</b>                            | <b>-</b>          | <b>(345.110)</b>  |
| <b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>                |  | (3)                 | <b>-</b>                                    | <b>-</b>          | <b>-</b>          | <b>-</b>                                    | <b>-</b>          | <b>-</b>          |
| 3.1 Held for Sale Purpose   |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| 3.2 Related to Discontinued Operations  |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| <b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>                       |  | (4)                 | <b>18.693</b>                               | <b>-</b>          | <b>18.693</b>     | <b>18.693</b>                               | <b>-</b>          | <b>18.693</b>     |
| <b>4.1 Associations (Net)</b>   |  |                     | <b>18.693</b>                               | <b>-</b>          | <b>18.693</b>     | <b>18.693</b>                               | <b>-</b>          | <b>18.693</b>     |
| 4.1.1 Associates Accounted Based on Equity Method   |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| 4.1.2 Consolidated Financial Subsidiaries   |  |                     | 18.693                                      | -                 | 18.693            | 18.693                                      | -                 | 18.693            |
| <b>4.2 Subsidiaries (Net)</b>   |  |                     | <b>-</b>                                    | <b>-</b>          | <b>-</b>          | <b>-</b>                                    | <b>-</b>          | <b>-</b>          |
| 4.2.1 Consolidated Financial Subsidiaries   |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| 4.2.2 Consolidated Non-Financial Subsidiaries   |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| <b>4.3 Joint Ventures (Net)</b>   |  |                     | <b>-</b>                                    | <b>-</b>          | <b>-</b>          | <b>-</b>                                    | <b>-</b>          | <b>-</b>          |
| 4.3.1 Joint Ventures Accounted Based on Equity Method                                       |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| 4.3.2 Consolidated Joint Ventures   |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| <b>V. TANGIBLE ASSETS (Net)</b>   |  | (7)                 | <b>43.913</b>                               | <b>-</b>          | <b>43.913</b>     | <b>46.139</b>                               | <b>-</b>          | <b>46.139</b>     |
| <b>VI. INTANGIBLE ASSETS (Net)</b>  |  | (8)                 | <b>17.092</b>                               | <b>-</b>          | <b>17.092</b>     | <b>17.744</b>                               | <b>-</b>          | <b>17.744</b>     |
| 6.1 Goodwill  |  |                     | -   | -                 | -                 | -   | -                 | -                 |
| 6.2 Other   |  |                     | 17.092                                      | -                 | 17.092            | 17.744                                      | -                 | 17.744            |
| <b>VII. INVESTMENT PROPERTY (Net)</b>   |  | (9)                 | <b>-</b>                                    | <b>-</b>          | <b>-</b>          | <b>-</b>                                    | <b>-</b>          | <b>-</b>          |
| <b>VIII. CURRENT TAX ASSET</b>  |  | (10)                | <b>-</b>                                    | <b>-</b>          | <b>-</b>          | <b>-</b>                                    | <b>-</b>          | <b>-</b>          |
| <b>IX. DEFERRED TAX ASSET</b>   |  | (11)                | <b>31.857</b>                               | <b>-</b>          | <b>31.857</b>     | <b>18.054</b>                               | <b>-</b>          | <b>18.054</b>     |
| <b>X. OTHER ASSETS</b>  |  | (12)                | <b>19.505</b>                               | <b>49.933</b>     | <b>69.438</b>     | <b>23.401</b>                               | <b>30.807</b>     | <b>54.208</b>     |
| <b>TOTAL ASSETS</b>   |  |                     | <b>5.107.259</b>                            | <b>25.562.919</b> | <b>30.670.178</b> | <b>4.837.902</b>                            | <b>23.233.836</b> | <b>28.071.738</b> |

The accompanying explanations and notes form an integral part of these consolidated financial statements

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Consolidated Balance Sheet (Statement of Financial Position) As of 31 March 2021**  
(Thousand of Turkish Lira (TL) unless otherwise stated)

| I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  |      | Note                 | Reviewed<br>Current Period<br>31 March 2021 |                   |                   | Audited<br>Prior Period<br>31 December 2020 |                   |                   |
|--|------|----------------------|---|-------------------|-------------------|---|-------------------|-------------------|
| LIABILITIES  |      | (Section<br>Five II) | TL  | FC                | TOTAL             | TL  | FC                | TOTAL             |
| <b>I. DEPOSITS</b>   | (1)  |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>II. FUNDS BORROWED</b>  | (2)  |                      | 1.052.105                                   | 22.675.390        | 23.727.495        | 782.206                                     | 20.980.533        | 21.762.739        |
| <b>III. MONEY MARKET FUNDS</b>   | (3)  |                      | 212.834                                     | -                 | 212.834           | 203.850                                     | -                 | 203.850           |
| <b>IV. SECURITIES ISSUED (Net)</b>   | (4)  |                      | -   | -                 | -                 | -   | -                 | -                 |
| 4.1 Bills  |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| 4.2 Asset Backed Securities  |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| 4.3 Bonds  |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>V. FUNDS</b>  | (5)  |                      | 83.798                                      | 383.237           | 467.035           | 121.079                                     | 124.137           | 245.216           |
| 5.1 Borrower Funds   |      |                      | 64.810                                      | 40.864            | 105.674           | 102.413                                     | 61.625            | 164.038           |
| 5.2 Other  |      |                      | 18.988                                      | 342.373           | 361.361           | 18.666                                      | 62.512            | 81.178            |
| <b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>  | (6)  |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>   | (7)  |                      | 2.601                                       | -                 | 2.601             | 47  | -                 | 47                |
| 7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss                                      |      |                      | 2.601                                       | -                 | 2.601             | 47  | -                 | 47                |
| 7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income                          |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>VIII. FACTORING LIABILITIES</b>   | (8)  |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>IX. LEASE LIABILITIES (Net)</b>   | (9)  |                      | 14.060                                      | -                 | 14.060            | 13.575                                      | -                 | 13.575            |
| <b>X. PROVISIONS</b>   | (10) |                      | 45.566                                      | -                 | 45.566            | 51.063                                      | -                 | 51.063            |
| 10.2 Restructuring Provisions  |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| 10.3 Reserve for Employee Benefits   |      |                      | 34.889                                      | -                 | 34.889            | 39.048                                      | -                 | 39.048            |
| 10.4 Insurance Technical Provisions (Net)  |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| 10.5 Other Provisions  |      |                      | 10.677                                      | -                 | 10.677            | 12.015                                      | -                 | 12.015            |
| <b>XI. CURRENT TAX LIABILITY</b>   | (11) |                      | 44.771                                      | -                 | 44.771            | 45.281                                      | -                 | 45.281            |
| <b>XII. DEFERRED TAX LIABILITY</b>   | (12) |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b> | (13) |                      | -   | -                 | -                 | -   | -                 | -                 |
| 13.1 Held for Sale Purpose   |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| 13.2 Related to Discontinued Operations  |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>  | (14) |                      | -   | 2.147.069         | 2.147.069         | -   | 1.993.243         | 1.993.243         |
| 14.1 Borrowings  |      |                      | -   | 2.147.069         | 2.147.069         | -   | 1.993.243         | 1.993.243         |
| 14.2 Other Debt Instruments  |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>V. OTHER LIABILITIES</b>  | (15) |                      | 52.538                                      | 196.703           | 249.241           | 47.721                                      | 121.061           | 168.782           |
| <b>XVI. SHAREHOLDERS' EQUITY</b>   | (16) |                      | 3.756.496                                   | 3.010             | 3.759.506         | 3.577.537                                   | 10.405            | 3.587.942         |
| 16.1 Paid-in capital   |      |                      | 1.600.000                                   | -                 | 1.600.000         | 1.600.000                                   | -                 | 1.600.000         |
| 16.2 Capital Reserves  |      |                      | 209.757                                     | -                 | 209.757           | 209.757                                     | -                 | 209.757           |
| 16.2.1 Share Premium   |      |                      | 3.683                                       | -                 | 3.683             | 3.683                                       | -                 | 3.683             |
| 16.2.2 Share Cancellation Profits  |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| 16.2.3 Other Capital Reserves  |      |                      | 206.074                                     | -                 | 206.074           | 206.074                                     | -                 | 206.074           |
| 16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss            |      |                      | (348)                                       | -                 | (348)             | (348)                                       | -                 | (348)             |
| 16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss                |      |                      | (14.680)                                    | 3.010             | (11.670)          | 4.509                                       | 10.405            | 14.914            |
| 16.5 Profit Reserves   |      |                      | 1.763.876                                   | -                 | 1.763.876         | 1.262.036                                   | -                 | 1.262.036         |
| 16.5.1 Legal Reserves  |      |                      | 94.604                                      | -                 | 94.604            | 69.512                                      | -                 | 69.512            |
| 16.5.2 Status Reserves   |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| 16.5.3 Extraordinary Reserves  |      |                      | 1.615.798                                   | -                 | 1.615.798         | 1.183.750                                   | -                 | 1.183.750         |
| 16.5.4 Other Profit Reserves   |      |                      | 53.474                                      | -                 | 53.474            | 8.774                                       | -                 | 8.774             |
| 16.6 Profit or (Loss)  |      |                      | 197.891                                     | -                 | 197.891           | 501.583                                     | -                 | 501.583           |
| 16.6.1 Prior Periods' Profit or (Loss)   |      |                      | (270)                                       | -                 | (270)             | -   | -                 | -                 |
| 16.6.2 Current Period Profit or (Loss)   |      |                      | 198.161                                     | -                 | 198.161           | 501.583                                     | -                 | 501.583           |
| 16.7 Minority Shares   |      |                      | -   | -                 | -                 | -   | -                 | -                 |
| <b>TOTAL LIABILITIES</b>   |      |                      | <b>5.264.769</b>                            | <b>25.405.409</b> | <b>30.670.178</b> | <b>4.842.359</b>                            | <b>23.229.379</b> | <b>28.071.738</b> |

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Consolidated Statement of Off-Balance Sheet As of 31 March 2021**  
(Thousand of Turkish Lira (TL) unless otherwise stated)

| I.          | CONSOLIDATED OFF-BALANCE SHEET                                   | Note<br>(Section<br>Five III) | Reviewed<br>Current Period<br>31 March 2021 |                   |                   | Audited<br>Prior Period<br>31 December 2020 |                   |                   |
|-------------|--|-------------------------------|---|-------------------|-------------------|---|-------------------|-------------------|
|             |  |                               | TP  | YP                | Toplam            | TP  | YP                | Toplam            |
| <b>A.</b>   | <b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>                  |                               | <b>4.745.763</b>                            | <b>4.617.160</b>  | <b>9.362.923</b>  | <b>4.822.190</b>                            | <b>4.407.441</b>  | <b>9.229.631</b>  |
| <b>I.</b>   | <b>GUARANTEES AND WARRANTIES</b>                                 | <b>(1)</b>                    | <b>55.901</b>                               | <b>669.184</b>    | <b>725.085</b>    | <b>54.826</b>                               | <b>675.830</b>    | <b>730.656</b>    |
| 1.1         | Letters of Guarantee   |                               | 55.901                                      | 633.052           | 688.953           | 54.826                                      | 642.008           | 696.834           |
| 1.1.1       | Guarantees Subject to State Tender Law                           |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.1.2       | Guarantees Given for Foreign Trade Operations                    |                               | 2   | -                 | 2                 | 2   | -                 | 2                 |
| 1.1.3       | Other Letters of Guarantee                                       |                               | 55.899                                      | 633.052           | 688.951           | 54.824                                      | 642.008           | 696.832           |
| 1.2         | Bank Acceptances   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.2.1       | Import Letter of Acceptance                                      |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.2.2       | Other Bank Acceptances   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.3         | Letters of Credit  |                               | -   | 36.132            | 36.132            | -   | 33.822            | 33.822            |
| 1.3.1       | Documentary Letters of Credit                                    |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.3.2       | Other Letters of Credit  |                               | -   | 36.132            | 36.132            | -   | 33.822            | 33.822            |
| 1.4         | Prefinancing Given as Guarantee                                  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.5         | Endorsements   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.5.1       | Endorsements to the Central Bank of the Republic of Turkey       |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.5.2       | Other Endorsements   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.6         | Purchase Guarantees on Marketable Security Issuance              |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.7         | Factoring Guarantees   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.8         | Other Guarantees   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 1.9         | Other Collaterals  |                               | -   | -                 | -                 | -   | -                 | -                 |
| <b>II.</b>  | <b>COMMITMENTS</b>   | <b>(3)</b>                    | <b>4.594.412</b>                            | <b>3.850.323</b>  | <b>8.444.735</b>  | <b>4.752.554</b>                            | <b>3.692.960</b>  | <b>8.445.514</b>  |
| 2.1         | Irrevocable Commitments  |                               | 4.172                                       | 34.134            | 38.306            | -   | 24.399            | 24.399            |
| 2.1.1       | Asset Purchase and Sale Commitments                              |                               | 4.172                                       | 8.069             | 12.241            | -   | -                 | -                 |
| 2.1.2       | Deposit Purchase and Sales Commitments                           |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.3       | Share Capital Commitments to Associates and Subsidiaries         |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.4       | Loan Granting Commitments  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.5       | Securities Issue Brokerage Commitments                           |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.6       | Commitments for Reserve Deposit Requirements                     |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.7       | Commitments for Cheques  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.8       | Tax and Fund Liabilities from Export Commitments                 |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.9       | Commitments for Credit Card Limits                               |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.10      | Commitments for Credit Cards and Banking Services Promotions     |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.11      | Receivables from Short Sale Commitments of Marketable Securities |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.12      | Payables for Short Sale Commitments of Marketable Securities     |                               | -   | -                 | -                 | -   | -                 | -                 |
| 2.1.13      | Other Irrevocable Commitments                                    |                               | -   | 26.065            | 26.065            | -   | 24.399            | 24.399            |
| 2.2         | Revocable Commitments  |                               | 4.590.240                                   | 3.816.189         | 8.406.429         | 4.752.554                                   | 3.668.561         | 8.421.115         |
| 2.2.1       | Revocable Loan Granting Commitments                              |                               | 4.590.240                                   | 3.816.189         | 8.406.429         | 4.752.554                                   | 3.668.561         | 8.421.115         |
| 2.2.2       | Other Revocable Commitments                                      |                               | -   | -                 | -                 | -   | -                 | -                 |
| <b>III.</b> | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                          | <b>(2)</b>                    | <b>95.450</b>                               | <b>97.653</b>     | <b>193.103</b>    | <b>14.810</b>                               | <b>38.651</b>     | <b>53.461</b>     |
| 3.1         | Hedging Derivative Financial Instruments                         |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.1.1       | Transactions for Fair Value Hedge                                |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.1.2       | Transactions for Cash Flow Hedge                                 |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.1.3       | Transactions for Foreign Net Investment Hedge                    |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2         | Trading Transactions   |                               | 95.450                                      | 97.653            | 193.103           | 14.810                                      | 38.651            | 53.461            |
| 3.2.1       | Forward Foreign Currency Buy/Sell Transactions                   |                               | -   | -                 | -                 | 14.810                                      | 38.651            | 53.461            |
| 3.2.1.1     | Forward Foreign Currency Transactions-Buy                        |                               | -   | -                 | -                 | 7.424                                       | 19.324            | 26.748            |
| 3.2.1.2     | Forward Foreign Currency Transactions-Sell                       |                               | -   | -                 | -                 | 7.386                                       | 19.327            | 26.713            |
| 3.2.2       | Swap Transactions Related to Foreign Currency and Interest Rates |                               | 95.450                                      | 97.653            | 193.103           | -   | -                 | -                 |
| 3.2.2.1     | Foreign Currency Swap-Buy  |                               | 95.450                                      | -                 | 95.450            | -   | -                 | -                 |
| 3.2.2.2     | Foreign Currency Swap-Sell                                       |                               | -   | 97.653            | 97.653            | -   | -                 | -                 |
| 3.2.2.3     | Interest Rate Swap-Buy   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.2.4     | Interest Rate Swap-Sell  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.3       | Foreign Currency, Interest rate and Securities Options           |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.3.1     | Foreign Currency Options-Buy                                     |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.3.2     | Foreign Currency Options-Sell                                    |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.3.3     | Interest Rate Options-Buy  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.3.4     | Interest Rate Options-Sell                                       |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.3.5     | Securities Options-Buy   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.3.6     | Securities Options-Sell  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.4       | Foreign Currency Futures   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.4.1     | Foreign Currency Futures-Buy                                     |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.4.2     | Foreign Currency Futures-Sell                                    |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.5       | Interest Rate Futures  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.5.1     | Interest Rate Futures-Buy  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.5.2     | Interest Rate Futures-Sell                                       |                               | -   | -                 | -                 | -   | -                 | -                 |
| 3.2.6       | Other  |                               | -   | -                 | -                 | -   | -                 | -                 |
| <b>B.</b>   | <b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>                    |                               | <b>7.916.435</b>                            | <b>51.616.550</b> | <b>59.532.985</b> | <b>5.013.406</b>                            | <b>43.781.832</b> | <b>48.795.238</b> |
| <b>IV.</b>  | <b>ITEMS HELD IN CUSTODY</b>                                     |                               | <b>199.171</b>                              | <b>-</b>          | <b>199.171</b>    | <b>195.460</b>                              | <b>-</b>          | <b>195.460</b>    |
| 4.1         | Customer Fund and Portfolio Balances                             |                               | -   | -                 | -                 | -   | -                 | -                 |
| 4.2         | Investment Securities Held in Custody                            |                               | 199.171                                     | -                 | 199.171           | 195.460                                     | -                 | 195.460           |
| 4.3         | Checks Received for Collection                                   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 4.4         | Commercial Notes Received for Collection                         |                               | -   | -                 | -                 | -   | -                 | -                 |
| 4.5         | Other Assets Received for Collection                             |                               | -   | -                 | -                 | -   | -                 | -                 |
| 4.6         | Assets Received for Public Offering                              |                               | -   | -                 | -                 | -   | -                 | -                 |
| 4.7         | Other Items Under Custody  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 4.8         | Custodians   |                               | -   | -                 | -                 | -   | -                 | -                 |
| <b>V.</b>   | <b>PLEDGES RECEIVED</b>  |                               | <b>7.717.264</b>                            | <b>51.616.550</b> | <b>59.333.814</b> | <b>4.817.946</b>                            | <b>43.781.832</b> | <b>48.599.778</b> |
| 5.1         | Marketable Securities  |                               | 676.703                                     | -                 | 676.703           | 587.780                                     | -                 | 587.780           |
| 5.2         | Guarantee Notes  |                               | 35.628                                      | 4.715.493         | 4.751.121         | 13.406                                      | 4.316.246         | 4.329.652         |
| 5.3         | Commodity  |                               | -   | -                 | -                 | -   | -                 | -                 |
| 5.4         | Warranty   |                               | -   | -                 | -                 | -   | -                 | -                 |
| 5.5         | Immovable  |                               | 6.568.942                                   | 34.798.901        | 41.367.843        | 3.779.752                                   | 28.079.463        | 31.859.215        |
| 5.6         | Other Pledged Items  |                               | 165.347                                     | 9.288.848         | 9.454.195         | 166.364                                     | 8.767.569         | 8.933.933         |
| 5.7         | Pledged Items-Depository   |                               | 270.644                                     | 2.813.308         | 3.083.952         | 270.644                                     | 2.618.554         | 2.889.198         |
| <b>VI.</b>  | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>            |                               | <b>-</b>                                    | <b>-</b>          | <b>-</b>          | <b>-</b>                                    | <b>-</b>          | <b>-</b>          |
|             | <b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>                 |                               | <b>12.662.198</b>                           | <b>56.233.710</b> | <b>68.895.908</b> | <b>9.835.596</b>                            | <b>48.189.273</b> | <b>58.024.869</b> |

The accompanying explanations and notes form an integral part of these consolidated financial statements

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Consolidated Statement of Profit or Loss As of 31 March 2021**  
(Thousand of Turkish Lira (TL) unless otherwise stated)

| III. STATEMENT OF PROFIT OR LOSS  |      |   |   |
|---|------|---|---|
| CONSOLIDATED INCOME AND EXPENSE ITEMS   |      | Note<br>(Section<br>Five IV)                          |   |
|   |      | Reviewed<br>Current Period<br>1 January-31 March 2021 | Reviewed<br>Prior Period<br>1 January-31 March 2020 |
| <b>I. INTEREST INCOME</b>   | (1)  | <b>450.781</b>  | <b>269.001</b>                                      |
| 1.1 Interest on Loans   |      | 251.960   | 187.781   |
| 1.2 Interest on Reserve Requirements  |      | -   | -   |
| 1.3 Interest on Banks   |      | 73.350  | 33.514  |
| 1.4 Interest on Money Market Transactions   |      | 55.506  | 7.464   |
| 1.5 Interest on Marketable Securities Portfolio   |      | 69.963  | 40.220  |
| 1.5.1 Fair Value Through Profit or Loss   |      | -   | -   |
| 1.5.2 Fair Value Through Other Comprehensive Income   |      | 42.558  | 24.415  |
| 1.5.3 Measured at Amortised Cost  |      | 27.405  | 15.805  |
| 1.6 Financial Lease Income  |      | -   | -   |
| 1.7 Other Interest Income   |      | 2   | 22  |
| <b>II. INTEREST EXPENSE (-)</b>   | (2)  | <b>(160.173)</b>                                      | <b>(115.310)</b>                                    |
| 2.1 Interest on Deposits  |      | -   | -   |
| 2.2 Interest on Funds Borrowed  |      | (142.388)   | (113.181)   |
| 2.3 Interest Expense on Money Market Transactions   |      | (8.658)   | (1.319)   |
| 2.4 Interest on Securities Issued   |      | -   | -   |
| 2.5 Measured at Amortised Expense   |      | (662)   | (810)   |
| 2.6 Other Interest Expenses   |      | (8.465)   | -   |
| <b>III. NET INTEREST INCOME (I - II)</b>  |      | <b>290.608</b>  | <b>153.691</b>                                      |
| <b>IV. NET FEES AND COMMISSIONS INCOME</b>  |      | <b>(760)</b>  | <b>3.753</b>  |
| 4.1 Fees and Commissions Received   |      | 5.752   | 5.284   |
| 4.1.1 Non-cash Loans  |      | 1.463   | 159   |
| 4.1.2 Other   |      | 4.289   | 5.125   |
| 4.2 Fees and Commissions Paid   |      | (6.512)   | (1.531)   |
| 4.2.1 Non-cash Loans  |      | -   | -   |
| 4.2.2 Other   |      | (6.512)   | (1.531)   |
| <b>V. DIVIDEND INCOME</b>   | (3)  | <b>678</b>  | -   |
| <b>VI. TRADING PROFIT / (LOSS) (Net)</b>  | (4)  | <b>49.190</b>   | <b>8.417</b>  |
| 7.1 Trading Gains / (Losses) on Securities  |      | 54.882  | 5.859   |
| 7.2 Gains / (Losses) on Derivative Financial Transactions                                     |      | (6.185)   | (29.721)  |
| 7.3 Foreign Exchange Gains / (Losses)   |      | 493   | 32.279  |
| <b>VII. OTHER OPERATING INCOME</b>  | (5)  | <b>10.839</b>   | <b>16.804</b>                                       |
| <b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>   |      | <b>350.555</b>  | <b>182.665</b>                                      |
| <b>IX. EXPECTED CREDIT LOSS (-)</b>   | (6)  | <b>(65.239)</b>                                       | <b>(35.732)</b>                                     |
| <b>X. OTHER PROVISION EXPENSE (-)</b>   | (6)  | <b>(10.939)</b>                                       | <b>(8.274)</b>                                      |
| <b>XI. PERSONNEL EXPENSE (-)</b>  |      | <b>(23.359)</b>                                       | <b>(19.980)</b>                                     |
| <b>XII. OTHER OPERATING EXPENSES (-)</b>  | (7)  | <b>(12.252)</b>                                       | <b>(11.651)</b>                                     |
| <b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>                                   |      | <b>238.766</b>  | <b>107.028</b>                                      |
| <b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>                                     |      | -   | -   |
| <b>XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b> |      | -   | -   |
| <b>XVI. INCOME/(LOSS) ON NET MONETARY POSITION</b>  |      | -   | -   |
| <b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>                  | (8)  | <b>238.766</b>  | <b>107.028</b>                                      |
| <b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>                                      | (9)  | <b>(40.605)</b>                                       | <b>(16.715)</b>                                     |
| 18.1 Current Tax Provision  |      | (47.772)  | (25.815)  |
| 18.2 Deferred Tax Income Effect (+)   |      | -   | -   |
| 18.3 Deferred Tax Expense Effect (-)  |      | 7.167   | 9.100   |
| <b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>                 | (10) | <b>198.161</b>  | <b>90.313</b>                                       |
| <b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>  |      | -   | -   |
| 20.1 Income from Non-current Assets Held for Sale   |      | -   | -   |
| 20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures                         |      | -   | -   |
| 20.3 Income from Other Discontinued Operations  |      | -   | -   |
| <b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>  |      | -   | -   |
| 21.1 Expenses for Non-current Assets Held for Sale  |      | -   | -   |
| 21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures                           |      | -   | -   |
| 21.3 Expenses for Other Discontinued Operations   |      | -   | -   |
| <b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>                     |      | -   | -   |
| <b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>                                   |      | -   | -   |
| 23.1 Current Tax Provision  |      | -   | -   |
| 23.2 Deferred Tax Expense Effect (+)  |      | -   | -   |
| 23.3 Deferred Tax Income Effect (-)   |      | -   | -   |
| <b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>             |      | -   | -   |
| <b>XXV. NET PROFIT/(LOSS) (XIX+XXIV)</b>  | (11) | <b>198.161</b>  | <b>90.313</b>                                       |
| 25.1 Group Profit / Loss  |      | 198.161   | 90.313  |
| 25.2 Minority Shares Profit / Loss (-)  | (13) | -   | -   |
| Earning/(Loss) per share (in TL full)   |      | 0,0012385   | 0,0010625   |

The accompanying explanations and notes form an integral part of these consolidated financial statements

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Consolidated Statement of Profit or Loss and Other Comprehensive Income As of 31 March 2021**

(Thousand of Turkish Lira (TL) unless otherwise stated)

| <b>IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b> |   | <b>Reviewed<br/>Current Period</b> | <b>Reviewed<br/>Prior Period</b> |
|--|---|------------------------------------|----------------------------------|
|  |   | <b>1 January-31 March 2021</b>     | <b>1 January-31 March 2020</b>   |
| <b>I.</b>  | <b>CURRENT PERIOD PROFIT/LOSS</b>   | <b>198.161</b>                     | <b>90.313</b>                    |
| <b>II.</b>   | <b>OTHER COMPREHENSIVE INCOME</b>   | <b>(26.584)</b>                    | <b>(25.035)</b>                  |
| 2.1  | <b>Not Reclassified to 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  | Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss                                      | -                                  | -                                |
| <b>2.2</b>   | <b>Reclassified to Profit or Loss</b>   | <b>(26.584)</b>                    | <b>(25.035)</b>                  |
| 2.2.1  | Foreign Currency Translation Differences  | -                                  | -                                |
| 2.2.2  | Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income | (33.220)                           | (30.543)                         |
| 2.2.3  | Cash Flow Hedge Income/Loss   | -                                  | -                                |
| 2.2.4  | Foreign Net Investment Hedge Income/Loss  | -                                  | -                                |
| 2.2.5  | Other Comprehensive Income Items Reclassified Through Profit or Losses  | -                                  | -                                |
| 2.2.6  | Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss  | 6.636                              | 5.508                            |
| <b>III.</b>  | <b>TOTAL COMPREHENSIVE INCOME (I+II)</b>  | <b>171.577</b>                     | <b>65.278</b>                    |

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**
**Consolidated Statement of Changes in Shareholders' Equity As of 31 March 2021**

(Thousand of Turkish Lira (TL) unless otherwise stated)

| V. CONSOLIDATED STATEMENT OF<br>CHANGES IN SHAREHOLDERS' EQUITY |   | Paid-in<br>capital | Share<br>premium | Share<br>certificate<br>cancel<br>profits | Other capital<br>reserves |  |       |   |   |          |   | Profit<br>reserves | Prior period<br>net<br>income/(loss) | Current<br>period net<br>income/(loss) | Total<br>Equity<br>Excluding<br>Minority<br>Shares |                    |                 |
|---|---|--------------------|------------------|---|---------------------------|--|-------|---|---|----------|---|--------------------|--------------------------------------|--|--|--------------------|-----------------|
|   |   |                    |                  |   |                           | Other Comprehensive Income/Expense Items<br>not to be Recycled to Profit or Loss |       |   | Other Comprehensive<br>Income/Expense Items to be Recycled<br>to Profit or Loss |          |   |                    |                                      |  |  | Minority<br>Shares | Total<br>Equity |
|   |   |                    |                  |   |                           | 1  | 2     | 3 | 4   | 5        | 6 |                    |                                      |  |  |                    |                 |
| Prior Period<br>31 March 2020                                   |   |                    |                  |   |                           |  |       |   |   |          |   |                    |                                      |  |  |                    |                 |
| I.  | Balance at the beginning of the period            | 850.000            | 1.983            | -   | 206.074                   | -  | 152   | - | -   | 36.204   | - | 682.612            | 579.388                              | -                                      | 2.356.413  | -                  | 2.356.413       |
| II.   | Adjustment in accordance with TMS 8               | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| 2.1   | Effect of adjustment                              | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| 2.2   | Effect of changes in accounting policies          | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| III.  | New balance (I+II)                                | 850.000            | 1.983            | -   | 206.074                   | -  | 152   | - | -   | 36.204   | - | 682.612            | 579.388                              | -                                      | 2.356.413  | -                  | 2.356.413       |
| IV.   | Total comprehensive income (loss)                 | -                  | -                | -   | -                         | -  | -     | - | -   | (25.035) | - | -                  | -                                    | 90.313                                 | 65.278   | -                  | 65.278          |
| V.  | Capital increase in cash                          | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| VI.   | Capital increase through internal reserves        | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| VII.  | Issued capital inflation adjustment difference    | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| VII   |   |                    |                  |   |                           |  |       |   |   |          |   |                    |                                      |  |  |                    |                 |
| I   | Convertible bonds                                 | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| IX.   | Subordinated debt                                 | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| X.  | Increase (decrease) through other changes, equity | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| XI.   | Profit distribution                               | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| 11.1  | Dividends distributed                             | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| 11.2  | Transfers to legal reserves                       | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| 11.3  | Other   | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| Balances (III+IV+.....+X+XI)                                    |   | 850.000            | 1.983            | -   | 206.074                   | -  | 152   | - | -   | 11.169   | - | 682.612            | 579.388                              | 90.313                                 | 2.421.691  | -                  | 2.421.691       |
| Current Period<br>31 March 2021                                 |   |                    |                  |   |                           |  |       |   |   |          |   |                    |                                      |  |  |                    |                 |
| I.  | Balance at the beginning of the period            | 1.600.000          | 3.683            | -   | 206.074                   | -  | (348) | - | -   | 14.914   | - | 1.262.036          | 501.583                              | -                                      | 3.587.942  | -                  | 3.587.942       |
| II.   | Adjustment in accordance with TMS 8               | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| 2.1   | Effect of adjustment                              | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| 2.2   | Effect of changes in accounting policies          | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| III.  | New balance (I+II)                                | 1.600.000          | 3.683            | -   | 206.074                   | -  | (348) | - | -   | 14.914   | - | 1.262.036          | 501.583                              | -                                      | 3.587.942  | -                  | 3.587.942       |
| IV.   | Total comprehensive income (loss)                 | -                  | -                | -   | -                         | -  | -     | - | -   | (26.584) | - | -                  | -                                    | 198.161                                | 171.577  | -                  | 171.577         |
| V.  | Capital increase in cash                          | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| VI.   | Capital increase through internal reserves        | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| VII.  | Issued capital inflation adjustment difference    | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| VII   |   |                    |                  |   |                           |  |       |   |   |          |   |                    |                                      |  |  |                    |                 |
| I   | Convertible bonds                                 | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| IX.   | Subordinated debt                                 | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| X.  | Increase (decrease) through other changes, equity | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | (13)                                 | -                                      | (13)   | -                  | (13)            |
| XI.   | Profit distribution                               | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | 501.840            | (501.840)                            | -                                      | -  | -                  | -               |
| 11.1  | Dividends distributed                             | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| 11.2  | Transfers to legal reserves                       | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | 501.840            | (501.840)                            | -                                      | -  | -                  | -               |
| 11.3  | Other   | -                  | -                | -   | -                         | -  | -     | - | -   | -        | - | -                  | -                                    | -                                      | -  | -                  | -               |
| Balances (III+IV+.....+X+XI)                                    |   | 1.600.000          | 3.683            | -   | 206.074                   | -  | (348) | - | -   | (11.670) | - | 1.763.876          | (270)                                | 198.161                                | 3.759.506  | -                  | 3.759.506       |

1 Tangible and Intangible Assets Revaluation Reserve,

2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss),

4. Exchange Differences on Translation,

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

The accompanying explanations and notes form an integral part of these consolidated financial statements.



**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Consolidated Statements of Cash Flows As of 31 March 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

| <b>VI. CONSOLIDATED STATEMENT OF CASH FLOWS</b>  |  |  |
|--|--|--|
|  | <b>Reviewed<br/>Current Period<br/>1 January-31 March 2021</b> | <b>Reviewed<br/>Prior Period<br/>1 January-31 March 2020</b> |
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>   |  |  |
| <b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>               | <b>114,209</b>   | <b>55,993</b>  |
| 1.1.1 Interest Received  | 349,933  | 238,367  |
| 1.1.2 Interest Paid  | (134,697)  | (109,231)  |
| 1.1.3 Dividend Received  | 678  | -  |
| 1.1.4 Fees and Commissions Received  | 5,403  | 5,284  |
| 1.1.5 Other Income   | 6,793  | 989  |
| 1.1.6 Collections from Previously Written-off Loans and Other Receivables                    | 2,614  | 11,134   |
| 1.1.7 Payments to Personnel and Service Suppliers  | (42,877)   | (30,741)   |
| 1.1.8 Taxes Paid   | (51,047)   | (41,941)   |
| 1.1.9 Other  | (22,591)   | (17,868)   |
| <b>1.2 Changes in Operating Assets and Liabilities</b>                                       | <b>(538,038)</b>   | <b>69,641</b>  |
| 1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss         | 787  | 6,371  |
| 1.2.2 Net (increase) / decrease in due from banks and other financial institutions           | -  | -  |
| 1.2.3 Net (increase) / decrease in loans   | (735,655)  | 206,841  |
| 1.2.4 Net (increase) / decrease in other assets  | (17,454)   | 1,473  |
| 1.2.5 Net increase / (decrease) in bank deposits   | -  | -  |
| 1.2.6 Net increase / (decrease) in other deposits  | -  | -  |
| 1.2.7 Net increase/ (decrease) in Financial Liabilities at Fair Value Through Profit or Loss | -  | -  |
| 1.2.8 Net increase / (decrease) in funds borrowed  | (28,539)   | (170,027)  |
| 1.2.9 Net increase / (decrease) in payables  | -  | -  |
| 1.2.10 Net increase / (decrease) in other liabilities  | 242,823  | 24,983   |
| <b>I. Net Cash Provided from Banking Operations</b>  | <b>(423,829)</b>   | <b>125,634</b>   |
| <b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>  |  |  |
| <b>II. Net Cash Provided from Investing Activities</b>                                       | <b>(424,413)</b>   | <b>(132,570)</b>   |
| 2.1 Cash paid for acquisition of investments, associates and subsidiaries                    | -  | -  |
| 2.2 Cash obtained from disposal of investments, associates and subsidiaries                  | -  | -  |
| 2.3 Purchases of property and equipment  | (1,048)  | (533)  |
| 2.4 Disposals of property and equipment  | 8,335  | 171  |
| 2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income            | (756,088)  | (206,417)  |
| 2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income                | 322,335  | 153,264  |
| 2.7 Purchase of Financial Assets Measured at Amortised Cost                                  | -  | (104,397)  |
| 2.8 Sale of Financial Assets Measured at Amortised Cost                                      | 2,088  | 25,553   |
| 2.9 Other  | (35)   | (211)  |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |  |  |
| <b>III. Net Cash Provided from Financing Activities</b>                                      | <b>(1,644)</b>   | <b>(1,558)</b>   |
| 3.1 Cash Obtained from Funds Borrowed and Securities Issued                                  | -  | -  |
| 3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued                          | -  | -  |
| 3.3 Issued Equity Instruments  | -  | -  |
| 3.4 Dividends Paid   | -  | -  |
| 3.5 Payments for Finance Leases  | (1,644)  | (1,558)  |
| 3.6 Other  | -  | -  |
| <b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>            | <b>126,615</b>   | <b>76,232</b>  |
| <b>V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>                  | <b>(723,271)</b>   | <b>67,738</b>  |
| <b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>                          | <b>5,057,379</b>   | <b>2,470,569</b>   |
| <b>VII. Cash and Cash Equivalents at the End of the Period</b>                               | <b>4,334,108</b>   | <b>2,538,307</b>   |

The accompanying explanations and notes form an integral part of these consolidated financial statements

## **SECTION THREE**

### **ACCOUNTING POLICIES**

#### **I. Explanations on Basis of Presentation:**

##### **a. The preparation of financial statements and related notes according to Turkish Accounting Standards and Regulation on the Procedures And Principles Regarding Banks Accounting Practices and Maintaining Documents:**

As prescribed in the Article 37 of the Banking Act No. 5411, the Parent Bank prepares its consolidated financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) except for matters regulated by BRSA legislation (together referred as “BRSA Accounting and Reporting Legislation”).

In accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 30673, dated 01 February 2019, accompanying consolidated financial statements are aligned with latest financial statement format.

##### **b. Changes in accounting policies and disclosures:**

TMS / TFRS changes, which entered into force as of 1 January 2021, do not have a significant effect on the accounting policies, financial status and performance of the Parent Bank. TMS and TFRS changes, which were published but not put into effect as of the final date of the financial statements, will not have a significant effect on the accounting policies, financial status and performance of the Parent Bank. In addition, the Indicator Interest Rate Reform - 2nd Stage, bringing changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early implementation of the changes is allowed. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and the provisions of hedge accounting. It is anticipated that the changes will not have a significant impact on the Parent Bank's financials. On the other hand, the process for the Indicative Interest Rate Reform is expected to be completed as of 31 December 2021, and the Parent Bank's work continues within the scope of adaptation to the changes.

##### **c. Other issues:**

The new coronavirus disease (COVID-19), which emerged in the People's Republic of China in the end of December 2019 and spread to other countries, was declared a pandemic on March 11, 2020 by the World Health Organization. In order to keep the negative economic effects of the epidemic to a minimum, some measures are taken both in our country and around the world. The effects of these developments on the Parent Bank's financial status and activities are closely monitored by the relevant units and the Parent Bank's Top Management.

#### **II. Basis of valuation used in the preparation of consolidated financial statements:**

Accounting policies for the preparation of consolidated financial statements and valuation principles used are applied in accordance with BRSA Accounting and Reporting Legislation.

Those accounting policies and valuation principles are explained below notes through II - XXIII.

Except for the consolidated financial assets and liabilities carried at fair value, the consolidated financial statements have been prepared in thousand of Turkish Lira (“TL”) under the historical cost.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**III. Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions:**

The majority of the liabilities of the balance sheet of the Parent Bank consist of funds obtained from domestic and international markets. The majority of funds obtained domestically consists of funds provided by Export Credit Bank of Turkey, international institutions such as World Bank, Islamic Development Bank and The German Development Bank via Republic of Turkey Ministry of Treasury and Finance and budget originated funds and the rest consists of funds provided through short-term money market transactions within the framework of balance sheet management. The Bank acts as an intermediary for those funds provided by the Republic of Turkey Ministry of Treasury and Finance to be utilized in various sectors. The funds obtained internationally consist of medium and long term loans borrowed from World Bank, and European Investment Bank and Council of European Development Bank, Islamic Development Bank, Japan International Corporation Bank, Black Sea Trade and Development Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank and German Development Bank.

During the utilization of the funds obtained, the Parent Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits.

A non-speculative exchange rate position risk management is applied to limit the Parent Bank's exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Parent Bank's previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

During foreign currency transactions, procedures detailed below are applied.

- a. Foreign currency monetary assets and liabilities are translated to Turkish Lira (TL) with the buying exchange rates announced by the Parent Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.
- b. There is no exchange rate differences capitalized as of the balance sheet date.
- c. Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset- Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders' Equity Ratio which is included in legal requirements, and those decisions are carried out carefully. To avoid parity risk, foreign exchange position is managed by taking singular and general positions.
- d. Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit/losses are included in the statement of profit or loss of the related period.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IV. Explanations on consolidated partnerships:**

**a. Consolidation principles applied:**

Consolidated financial statements are prepared in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" and "TFRS - 10 Consolidated Financial Statements" published in the Official Gazette dated 8 November 2006 and numbered 26340.

**b. Consolidation principles of subsidiaries**

Subsidiaries, whose capital or management is directly or indirectly controlled by the Parent Bank, have the power over the investment made by the Parent Bank and the ability to use its power over the investee in order to affect the amount of returns it has and the amount of returns it will gain due to its relationship with the invested legal entity. partnerships it has.

Subsidiaries are consolidated using the full consolidation method on the basis of operating results, asset and equity sizes. According to the full consolidation method, one hundred percent of the subsidiaries' assets, liabilities, income, expenses and off-balance sheet items are consolidated with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the investments of the Bank in its subsidiaries and the capital of its subsidiaries have been clarified. Balances arising from the transactions between the partnerships within the scope of consolidation have been mutually offset.

The Parent Bank and its consolidated subsidiaries will be referred to as the "Group" in the remainder of the report.

The title of the partnerships within the scope of consolidation, the location of the headquarters, the activity subject, the effective and direct shareholding ratio are as follows:

| Title  | Center of Activities<br>(City/Country) | Main Area of Activity | Effective<br>Partnership<br>Ratios (%) | Direct and<br>indirect<br>partnership<br>rates (%) |
|--|--|-----------------------|--|--|
| Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. | İstanbul/Türkiye                       | Portfolio Management  | 100                                    | 100  |
| Kalkınma Yatırım Varlık Kiralama A.Ş.            | İstanbul/Türkiye                       | Asset Lease           | 100                                    | 100  |

**V. Representation of affiliates, subsidiaries and jointly controlled partners not included in consolidation in the consolidated financial statements:**

Subsidiaries, subsidiaries and jointly controlled partners that are not included in the scope of consolidation are recognized at cost in accordance with "TAS - 27 Separate Financial Statements" and reflected in the consolidated financial statements after deducting any provision for loss in value.

**VI. Explanations on Futures, Options Contracts and Derivative Instruments:**

The Parent Bank has no derivative instruments that can be separated from the host contract. Derivative financial instruments are recorded with the fair value at the date of agreement and valued at fair value in the following reporting periods. In addition, the receivables and payables arising from these transactions are accounted for at off-balance sheet accounts. Depending on valuation difference being positive or negative, measurement differences are presented on the related balance sheet accounts.

**VII. Explanations on Interest Income and Expenses:**

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

If a financial asset possesses on uncollected interest accrual before its acquisition by the Parent Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the statement of profit or loss.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on Interest Income and Expenses (continued):**

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

If a financial asset possesses on uncollected interest accrual before its acquisition by the Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the profit or loss statement.

The Bank does not cancel the interest accruals and rediscounts of loans and other receivables that have become non-performing loans within the framework of the effectuated in 1 January 2018 “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette dated 22 June 2016 and numbered 29750. and monitors said amounts in interest income. Within the scope of TFRS 9 methodology, the expected loss provision is calculated based on the interest accruals and rediscounts added amounts.

**VIII. Explanations on Fees and Commission Income and Expenses:**

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses, are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

**IX. Explanations on Financial Assets:**

Financial assets mainly constitute the Group’s commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

The Group adds its financial assets to the financial statements in accordance with the provisions of the “Importing and Excluding the Financial Statements” section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, in subsequent accounting financial assets are measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss by;

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets.

Purchase and sale transactions of these financial assets are accounted according to their “delivery date”. The classification of financial assets is decided on the date of their acquisition, taking into account “Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model”. When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

***Financial Assets Measured at Fair Value through Profit and Loss:***

Financial assets whose fair value differences are reflected in profit / loss are mainly for a short-term securities acquired for the purpose of being sold or bought back in the near future.

Financial assets whose fair value difference is reflected in profit / loss are reflected to the balance sheet at their cost values and are subject to valuation at fair value following their recording. Fair values for

securities traded on Borsa Istanbul (BIST) are found using the weighted average clearing prices formed

### **SECTION THREE (Continued)**

#### **ACCOUNTING POLICIES (Continued)**

##### **IX. Explanations on Financial Assets (continued):**

on BIST at the balance sheet date.

Gains or losses resulting from the valuation of financial assets whose fair value difference is reflected in profit / loss are reflected in profit / loss accounts. The positive difference between the acquisition cost and discounted value during the holding of financial assets for trading purposes is recorded in “Interest Income”, if the fair value of the asset is above its discounted value, the positive difference is recorded in the “Capital Market Transactions Profits” account and if it is below, the negative difference is recorded in the “Capital Market Transactions Losses” account.

##### ***Financial Assets Measured at Fair Value Through Other Comprehensive Income:***

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets measured at fair value through other comprehensive income are initially recognized at cost including the transaction costs. After initial recognition, valuation of the financial assets at fair value through other comprehensive income is based on fair value. For securities traded on Borsa Istanbul (BIST), fair values are found by using the weighted average settlement prices in BIST at the balance sheet date.. In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value.

The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities. Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the “Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss” and amounts accounted for under equity are reflected to income statement when financial assets are sold.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IX. Explanations on Financial Assets (continued):**

***Equity Instruments Measured at Fair Value Through Other Comprehensive Income***

During the first registration an irreversible preference can be made about reflecting the changes in the fair value of the investment in an equity instrument within the scope of TFRS 9, which are not held for commercial purposes or that are not contingent on the financial statements of the acquirer in a business combination where the TFRS 3 Business Combinations standard is applied in the other comprehensive income. The choice in question is made separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement are not transferred to profit or loss in the following periods, but are transferred to previous periods' profit / loss. Dividends from such investments are included in the financial statements as profit or loss unless they are explicitly a part of the investment cost recovery. TFRS 9 impairment provisions are not valid for equity investments.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

***Financial Investments Measured at Amortised Cost and Loans:***

***Financial Investments Measured at Amortised Cost***

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortised cost are subsequently measured at amortised cost by using effective interest rate method, and they are accounted for by setting forth provision for impairment loss or by posting interest income accrual. Interests received from financial assets measured at amortised cost are recognized as interest income.

***Loans***

Loans represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans are initially recognized with cost and carried at amortised cost calculated using the effective interest rate method at the subsequent periods. Transaction fees, dues and other expenses paid for loan guarantees are considered as a part of the transaction cost and reflected to the customers.

Cash loans granted by the Bank consist of investment and working capital loans and loans given through banks and leasing companies (APEX method).

Foreign currency indexed loans are converted into Turkish Lira with the exchange rate on the opening date and followed in Turkish Currency accounts. Repayments are calculated by using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IX. Explanations on Financial Assets (continued):**

The loan portfolio is regularly monitored by the Parent Bank's management and if there are any suspicions about the inability to collect the loans granted, the loans accepted as troubled and are classified in accordance with Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside published in the Official Gazette dated 22 June 2016 and numbered 29750 and the latest changes dated 18 October 2018 and numbered 30569 and TFRS 9.

With The Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147, the first paragraph of the Article 53 of the Banking Law No: 5411 is decided not to be enforced to the Bank and the Bank's Board of Directors is stated to determine the procedures and principles regarding the classification, monitoring, follow-up, provision ratios and collaterals of loans. In this context the Bank has decided to perform the classification and provisioning of loans in accordance with the TFRS 9 Standard and the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside.

***Cash and Cash Equivalents:***

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturity of 3 months or less following the date of purchase, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The carrying amounts of these assets represent their fair values.

**X. Explanations on Impairment of Financial Assets:**

As of 1 January 2019, the Parent Bank recognize provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside.” In this framework, the method of allocating credit provisions applied within the framework of the relevant legislation of BRSA has been replaced with the expected credit loss model.

Expected credit loss (ECL) model is used for instruments (such as bank deposits, loans and leasing receivables) recorded in other comprehensive income statement over amortized cost or fair value, in addition for financial lease receivables that cannot be measured at fair value through profit / loss, contract assets, credit commitments, and financial guarantee contracts.

The guiding principle of the ECL model is to reflect the general outlook of the increase or improvement in credit risk of financial instruments. The amount of ECLs defined as loss provision or provision depends on the degree of increase in credit risk since the loan was first issued.

Within the scope of TFRS 9 Financial Instruments, three basic factors regarding the measurement of expected credit loss are taken into consideration. These,

- (a) the amount weighted according to the neutrality and probabilities determined by evaluating the possible outcome range,
- (b) time value of money,
- (c) reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that can be obtained incurring excessive cost or effort as of the reporting date.

Taking into consideration these three factors, the Parent Bank's historical data is modeled and the expected loss amount is calculated for each loan. Since the expected loss represents the future value, the present value of this amount is calculated with the discounting factor.



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**X. Explanations on Impairment of Financial Assets (continued):**

In order to reflect the changes in credit risk since the initial recognition of credit risk, the loss provision is updated at each reporting date in which the expected loss calculations are performed.

The Parent Bank assesses whether there has been a significant increase in credit risk in the financial instrument for the first time since it was included in the financial statements. In making this assessment, the Parent Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the Parent Bank compares default risk related to the financial instrument as of the reporting date and the default risk related to the financial instrument for the first time in the financial statements and takes into consideration reasonable and supportable information which can be obtained without incurring excessive costs or efforts and is reasonable indication of significant increases in credit risk since its introduction for the first time.

In the TFRS 9 impairment, a 3-step approach is used in which the credit risk level increases at each stage:

Stage 1: It refers to all accounts that have not shown any deterioration in credit quality since the loan was issued. All accounts defined as having low credit risk will be classified as Stage 1 without periodically checking whether there is a significant increase in credit risk. A 12-month provision calculation is performed for all accounts classified in Stage 1.

Stage 2: Refers to all accounts showing significant deterioration in credit quality since the loan was issued. For all accounts classified in Stage 2, lifetime provision calculations are performed.

Stage 3: Refers to all impaired assets. For all accounts classified in Stage 3, lifetime provision calculations are performed.

TFRS 9 requires a 12-month compensation for all loans in stage 1, and a lifetime provision for all remaining loans.

**Significant Increase in Credit Risk**

If the customers classified as Stage 1 meet the following criteria, it has been decided by the Parent Bank to be classified under Stage 2:

- The number of delay days of the customer is over 30
- Restructuring of the debtor with financial difficulties by granting concession
- Customer has close monitoring criteria
- There is a 35 percent or more decrease in the quantitative score to be calculated by considering the end-of-year financial statements for the customer every year, and the score in question drops below 40 (a significant increase criterion in credit risk).

Customers are periodically evaluated (at least once a year) and their ratings are updated in order to evaluate the criterion of significant increase in credit risk. The evaluation period is shortened for the borrowers for whom a significant deterioration signal is received in credit risk during the year.

Classification criterias under Stage 2 work for all bank customers, in addition, in case of negative market intelligence, classification can be made under Stage 2. This process continues under TFRS 9. The classification rules determined within the scope of TFRS 9 work for all portfolios.

Treasury and Banks portfolios are among the low default portfolios, and it is decided by the Group to classify the assets in this portfolio under Phase 1 until an opposite assessment is made.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**X. Explanations on Impairment of Financial Assets (continued):**

**Significant Increase in Credit Risk (Continued)**

The decrease of customer rating score calculated according to the credit rating model used within the bank for the quantitative criteria related to the significant deterioration in the credit risk specified in Article 4 of the provisions regulation regarding the classification of the loans, by 35 percent and above, and the fall of score in question below 40, is determined by the Bank as the criterion of significant deterioration. In addition to these criterias, the restructuring applied to the customer who has financial difficulties specified in Article 7 of the Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside is used as a classification criterion under Stage 2.

**Definition of Default**

TFRS 9 Standard “When defining the default for the purpose of determining the business default risk according to TFRS 9, it uses a default definition consistent with the definition used for the credit risk management purposes of the related financial instrument and, if appropriate, takes into account qualitative indicators (eg financial commitments). However, unless the entity has reasonable and supportable information that reveals that default will occur when there is a longer delay, there is an otherwise demonstrable pre-acceptance that the default will not occur after the financial instrument expires after 90 days. The definition of default used for these purposes is applied consistently to all financial instruments unless information that proves that another definition of default is more appropriate for a particular financial instrument is available. ” According to the article, the definition of default is used within the scope of modeling.

The definition of default used in the Parent Bank is as follows:

- Customers with more than 90 days of delay (The number of customer delay days represents the highest number of delay days of the customer's existing loans on the relevant reporting date.)
- Compensation of the letter of guarantee received by the parent bank for collateral
- Customers considered to be at high risk by the parent bank

With the BRSA’s decision numbered 8948 dated 17 March 2020, numbered 8970 dated 27 March 2020 and numbered 9312 dated 8 December 2020, within the scope of the 4th and 5th articles of the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside, the 30 days delay period foreseen for classification in the Stage 2 is allowed to be applied as 90 days and the 90 days delay period foreseen to be classified as non-performing loans is allowed to be applied as 180 days. As stated in the relevant decisions, the Parent Bank allocated provisions according to its own risk model for the loans within the scope of this application, which will be valid until 30 June 2021.

**12 Month Expected Loss**

12-month loan loss corresponds to a part of expected loan loss that may arise from the possible default status of the loan within 12 months of the reporting date.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**X. Explanations on Impairment of Financial Assets (continued):**

**Lifetime Expected Loss**

Lifetime losses arise from all possible default events that may occur during the expected life span of the financial instrument after the reporting date. Life expectancy is related to the maturity of the financial instrument.

One of the risk parameters to be used in calculating the provision amounts to be set as per TFRS 9 is the Probability of Default (PD) information. Probability of Default refers to the possibility of a live loan falling into default. PD calculation is carried out by considering past data, current conditions and prospective macroeconomic expectations.

Specifically, while calculating PD, qualitative, quantitative scores, sector, bank degree and macro effect are taken into account. For the company whose quantitative evaluation is made, an objective score is produced between 0 and 100. The sector in which the company operates is determined in accordance with the NACE code (Statistical Classification of European Community Economic Activities; a reference resource for the purpose of producing and disseminating statistics on economic activities in Europe.).

After the qualitative and quantitative scores of the company are determined, the mentioned points are weighted according to the company scale and the company's score is calculated.

Banks, on the other hand, are ranked objectively by considering various criteria, namely capital, asset quality, liquidity, profitability, income-expenditure structure and capacity.

Finally, for the macro effect, a volatility index is calculated first, and then variables that act in parallel and play a role in the measurement of crisis probabilities before sudden financial shocks are identified. Afterwards, the index is created by weighting the determined variables according to the success rate.

The macro effect ultimately applied to the customer scores by the Parent Bank is the macro note calculated on the company grade (non-macro score) calculated as a result of qualitative (partnership information, group of companies, etc.) and quantitative (liquidity, financial structure, profitability etc.) assessment of each customer. In line with the customer's score, corrections are applied. In this context, studies to determine pioneering vulnerability indicators of Turkey's economy are made and by the Bank it has been identified that some of the variables derived from various areas of the economy successfully predicted crisis periods in advance. This prediction has been accepted by the Bank as the threshold values are exceeded and the signal is produced starting at least 12 months before the crisis.

In order to obtain the macroeconomic score, which is calculated by considering the positive and negative scenarios as well as the base scenario value, values are calculated at a certain margin in accordance with the distribution of the series for positive and negative scenario values from the index values distributed between 0-100 and averaged over 12 months.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**X. Explanations on Impairment of Financial Assets (continued):**

Due to the COVID-19 epidemic, which has influenced the whole world, since mid-March 2020, many enterprises have suspended their operations for a certain period of time or certain sectors have been restricted within the framework of measures taken to create remote working conditions. It is known that many enterprises will be negatively affected by this situation, but the extent of this effect can not be predicted. The Bank analyzed the effects of COVID-19 to the sectors which the loans in the loan portfolio are used, and updated the sector parameters with the assumption that the foreseen risk was not systematic and reflected the epidemic effect to TFRS 9 parameters by considering the relationships between TFRS 9 parameters and sectoral risk level.

**XI. Explanations on Offsetting of Financial Assets and Liabilities:**

Financial assets and liabilities are offset on balance sheet when the Group has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

**XII. Explanations On Sales And Repurchase Agreements And Lending Of Securities:**

Securities sold in repurchase agreements (repo) are accounted for in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as “Subject to Repurchase Agreements” and are valued at fair values in or discounted values using effective interest rate method according to the holding purposes in the Group portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under ‘Money Market Placements’ line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:**

Assets that are classified as held for sale (or the disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation on these assets is stopped, and these assets disclosed separately in the balance sheet. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer.

Also, the asset should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets (or the disposal group) are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the assets. The Parent Bank has no assets classified as held for sale.

A discontinued operation is a component that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement. The Parent Bank has no discontinued operations.

**XIV. Explanations on Goodwill and Other Intangible Assets:**

As at the balance sheet date, there is no goodwill recorded in the consolidated balance sheet of the Bank.

Intangible fixed assets first are carried at cost which includes acquisition costs and other direct costs bearded necessary for the assets to become ready for use. Subsequent to recognition, intangible assets are presented in financial statements at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33%. Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

Expenses related to existing computer software and computer software improvement that enhance original content and useful life, are capitalized over the software. Those capitalized expenses are amortised over the remaining useful life of the related assets using the “straight line method”.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XV. Explanations on Tangible Fixed Assets:**

Tangible fixed assets are carried at cost which includes acquisition costs and other direct costs beared necessary for the assets to become ready for use, and if results of appraisal reports exceed the costs, they are not subject to any revaluation. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and accumulated impairment losses, if any.

The Parent Bank's tangible fixed assets purchased before 1 January 2005 are carried at restated cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequently are valued at historical cost.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. Investment expenditures include cost items that extend the useful life of the asset, increase the servicing capabilities of the asset, improve the quality of goods or services produced or reduces the costs. There is no pledge, mortgage and other restriction on the tangible fixed assets or given for the purchase commitments or any restrictions on the rights for the use of these.

Tangible fixed assets are amortised by using the straight-line method over their estimated useful lives. Estimated depreciation rates of tangible fixed assets are as follows.

|                       | <u>Estimated Useful Life (Years)</u> | <u>Amortization Rate (%)</u> |
|-----------------------|--------------------------------------|------------------------------|
| Building              | 50                                   | 2                            |
| Safes (vaults)        | 50                                   | 2                            |
| Vehicles              | 5                                    | 20                           |
| Other Tangible Assets | 3-15                                 | 6,66-33,33                   |

There is no change in accounting estimations that has material effect in the current period or that is expected to have effect in the subsequent periods

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVI. Explanations on Leasing Transactions:**

The “IFRS 16 Leases” Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826 to be applied on 1 January 2019.

The Bank as a lessee

The “IFRS 16 Leases” Standard removes financial lease and operational lease distinction for lessees and introduces a single accounting model for all leasing transactions. According to the standard, the lessees reflect a “asset that gives the right to use” and a “lease obligation” to the financial statements at the date when the lease actually begins. The initial cost of the asset that gives the right to use is measured by deducting the lease incentives from the sum of the lease obligation and the initial direct costs incurred by the lessees. The cost method is used for the measurements after the beginning of the lease. In this method, the asset that gives the right to use is measured by deducting the accumulated depreciation and accumulated deprecation provisions from the cost value. The lease obligation is initially measured at the present value of the lease payments to be made during the lease period. In subsequent measurements, the book value of the liability is increased to reflect the interest on the lease obligation and decreased to reflect the lease payments made. IFRS 16 has made exemptions for leases of 12 months or less and leases related to low value assets.

The Group, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the income statement. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Group’s TL alternative source cost.

The parent bank as the lessor

According to the “IFRS 16 Leases” Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Parent Bank, which are not included in financial lease transactions and which are not used in banking transactions, are followed up in the receivables from the leasing transaction and are accounted on an accrual basis.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on Provisions and Contingent Liabilities:**

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation.

Provisions other than the expected credit loss set for loans and other receivables and contingent liabilities are accounted for in accordance with “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

**XVIII. Explanations on Employee Benefit Liabilities:**

Obligations for employee benefits are recognized in accordance with the TAS19 “Employee Benefits”.

There is no fund to which the Group personnel are members. However, personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the Parent Bank has no obligations regarding this foundation, accordingly no provision is reserved in the accompanying financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Group and the social security institution legislation, the retirement pension is related to the ones related to the Law No. 5434 and the severance payment is calculated to those related to the Law numbered 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 March 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated a discount rate of 2,4% (31 December 2020: 2,4%). As the maximum liability is revised semiannually, the maximum amount of full TL 7.638,95 effective from 1 January 2021 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2020 full TL 7.638,95).



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIX. Explanations on Taxation:**

*Current Tax*

The valid corporate tax rate in Turkey is 20% as of March 31, 2021. However, with the Temporary Article 13 added to the Corporate Tax Law No: 5520 and with the Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Some Laws, which entered into force after being published in the Official Gazette dated April 22, 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change will come into effect as of April 22, 2021, 20% has been used as the tax rate in the period tax and deferred tax calculations in the financial statements dated March 31, 2021. If the period tax of the Bank was calculated over the new rate for the first three-month interim period, it is estimated that the deferred tax asset would increase by TL 2.088, tax liability for profit of the period would increase by TL 11.943 and the deferred tax expense would increase by TL 1.054. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations' income through a permanent establishment or permanent representative in Turkey and dividends paid to companies resident in Turkey (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 15% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year.

Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government. According to 5.1.e. Article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the expemted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business ( Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVIX. Explanations on Taxation (Continued):**

*Current Tax (Continued)*

Corporate tax declarations are submitted to the related tax office until the evening of the 30th day of the fourth month following the end of the accounting period and the accrued tax is paid until the evening of the 30th day. However, the authorities competent for tax inspection can examine the accounting records within five years, and the tax amounts to be paid may change if any erroneous transaction is detected.

*Deferred Tax*

In accordance with TAS 12 “Turkish Accounting Standard Relating to Income Tax”, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. It is calculated over the 20% corporate tax rate valid for the first 3-month accounting period of 2021, and will be calculated by taking into account the corporate tax rate in the following periods.

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements.

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset.

Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

**Transfer Pricing**

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled “Transfer Pricing Through Camouflage of Earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”. According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XX. Additional Explanations on Borrowings:**

The Parent Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Parent Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. Dormitory resources are provided from Central Bank of the Republic of Turkey, Turkey Export Credit Bank, international organizations such as World Bank, Islamic Development Bank and German Development Bank through the Ministry of Treasury and Finance. In addition to these, the Bank acts as an intermediary for the use of various budget-sourced funds domestically. The loan from this source has been disbursed and no new funds have been transferred from the Ministry of Treasury and Finance. The funds provided are recorded in the Bank's resource accounts on the transfer date. The maturity and interest rates of these funds are determined by the public authority through Investment Incentives Communiqués.

The present foreign funds of the Parent Bank are medium and long term loans from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank and Japan International Corporation Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank and German Development Bank are recorded to related accounts on the date and with the cost of procurement.

The Parent Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Parent Bank has not issued any convertible bonds and debt instruments.

**XXI. Explanations on Shares Issued:**

The Bank does not have issued shares in the current period.

**XXII. Explanations on Bill Guarantees and Acceptances:**

Commitments regarding bill guarantees and acceptances of the Parent Bank are presented in the “Off Balance Sheet” commitments.

**XXIII. Explanations on Government Incentives:**

There are no government incentives utilized by the Group in the current and prior period.

**XXIV. Explanations on Segment Reporting:**

As part of its mission, the Parent Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee.

Within the scope of investment banking activities, the Parent Bank's treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

As of 31 March 2021, explanations on segment reporting in line with “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures” are shown below.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XXIII. Explanations on Segment Reporting (Continued):**

| <b>Current Period (31.03.2021)</b>       | <b>Investment Banking (Treasury)</b> | <b>Corporate Banking</b> | <b>Other</b>     | <b>Total Operations of the Group</b> |
|--|--------------------------------------|--------------------------|------------------|--------------------------------------|
| Interest income                          | 190.161                              | 101.107                  | (660)            | 290.608                              |
| Net fees and commissions income          | (6.512)                              | 4.857                    | 895              | (760)                                |
| Other operating income                   | 54.422                               | 11.816                   | 654              | 66.892                               |
| Other operating expense                  | (6.185)                              | (66.202)                 | (45.587)         | (117.974)                            |
| Profit before tax                        | 231.886                              | 51.578                   | (44.698)         | 238.766                              |
| Tax provision                            | -                                    | -                        | (40.605)         | (40.605)                             |
| <b>Net profit for the period</b>         | <b>231.886</b>                       | <b>51.578</b>            | <b>(85.303)</b>  | <b>198.161</b>                       |
| <b>Group Profit / Loss</b>               | <b>231.886</b>                       | <b>51.578</b>            | <b>(85.303)</b>  | <b>198.161</b>                       |
| <b>Minority Rights Profit / Loss (-)</b> | <b>-</b>                             | <b>-</b>                 | <b>-</b>         | <b>-</b>                             |
| <b>Current Period (31.03.2021)</b>       |                                      |                          |                  |                                      |
| Segment Assets                           | 7.634.227                            | 22.936.564               | 80.694           | 30.651.485                           |
| Associates and subsidiaries              | -                                    | 18.693                   | -                | 18.693                               |
| <b>Total Assets</b>                      | <b>7.634.227</b>                     | <b>22.955.257</b>        | <b>80.694</b>    | <b>30.670.178</b>                    |
| Segment Liabilities                      | 215.435                              | 26.351.100               | 344.137          | 26.910.672                           |
| Shareholders' equity                     | -                                    | -                        | 3.759.506        | 3.759.506                            |
| <b>Total Liabilities</b>                 | <b>215.435</b>                       | <b>26.351.100</b>        | <b>4.103.643</b> | <b>30.670.178</b>                    |

| <b>Prior Period (31.03.2020)</b> | <b>Investment Banking (Treasury)</b> | <b>Corporate Banking</b> | <b>Other</b>     | <b>Total Operations of the Bank</b> |
|----------------------------------|--------------------------------------|--------------------------|------------------|-------------------------------------|
| Interest income                  | 79.879                               | 74.600                   | (788)            | 153.691                             |
| Net fees and commissions income  | (1.531)                              | 5.170                    | 114              | 3.753                               |
| Other operating income           | -                                    | 45.624                   | 260              | 45.884                              |
| Other operating expense          | (20.663)                             | (42.281)                 | (33.356)         | (96.300)                            |
| Profit before tax                | 57.685                               | 83.113                   | (33.770)         | 107.028                             |
| Tax provision                    | -                                    | -                        | (16.715)         | (16.715)                            |
| <b>Net profit for the period</b> | <b>57.685</b>                        | <b>83.113</b>            | <b>(50.485)</b>  | <b>90.313</b>                       |
| <b>Prior Period (31.12.2020)</b> |                                      |                          |                  |                                     |
| Segment Assets                   | 7.723.460                            | 20.263.386               | 66.199           | 28.053.045                          |
| Associates and subsidiaries      | -                                    | 18.693                   | -                | 18.693                              |
| <b>Total Assets</b>              | <b>7.723.460</b>                     | <b>20.282.079</b>        | <b>66.199</b>    | <b>28.071.738</b>                   |
| Segment Liabilities              | 203.897                              | 24.012.197               | 267.702          | 24.483.796                          |
| Shareholders' equity             | -                                    | -                        | 3.587.942        | 3.587.942                           |
| <b>Total Liabilities</b>         | <b>203.897</b>                       | <b>24.012.197</b>        | <b>3.855.644</b> | <b>28.071.738</b>                   |

## SECTION FOUR

### CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

#### I. Explanations Related to Consolidated Equity

Consolidated equity amount and capital adequacy standard ratio are calculated within the framework of "Regulation Regarding Equities of Banks" and "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy".

The Group's consolidated equity amount as at 31 March 2021 is TL 5.977.200 TL, (31 December 2020: TL 5.669.664) and its capital adequacy ratio is 21,04% (31 December 2020: 22,35%). The capital adequacy ratio of the Group is above the minimum ratio determined by the relevant legislation.

#### Information on Equity Items:

| Current Period (31.03.2021)   | Amount           | Amount Related to Practice before 1/1/2014* |
|---|------------------|---|
| <b>Common Equity Tier I Capital</b>   |                  |   |
| Paid-in Capital to be Entitled for Compensation after All Creditors   | 1.806.074        |   |
| Share Premium   | 3.683            |   |
| Reserves  | 1.763.606        |   |
| Other Comprehensive Income according to TAS   | 5.949            |   |
| Profit  | 198.161          |   |
| Net profit for the period   | 198.161          |   |
| Retained Earnings   | -                |   |
| Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit  | -                |   |
| Minority Shares   | -                |   |
| <b>Common Equity Tier I Capital Before Deductions</b>   | <b>3.777.473</b> |   |
| <b>Deductions from Common Equity Tier I Capital</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 (-)                                     | 21.113           | -   |
| Leasehold Improvements on Operational Leases (-)  | 4.814            | -   |
| Goodwill Netted with Deferred Tax Liabilities   | -                | -   |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights   | 17.092           | -   |
| Net Deferred Tax Asset/Liability (-)  | -                | -   |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting                                     | -                | -   |
| Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach | -                | -   |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

|   |                  |   |
|---|------------------|---|
| Securitization gains  | -                | - |
| Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness  | -                | - |
| Net amount of defined benefit plans   | -                | - |
| Direct and Indirect Investments of the Bank on its own Tier I Capital   | -                | - |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law  | -                | - |
| Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital | -                | - |
| Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 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 Ratios of Banks   | -                | - |
| The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital               | -                | - |
| Mortgage Servicing Rights not deducted  | -                | - |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences   | 31.857           | - |
| 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>74.876</b>    |   |
| <b>Total Common Equity Tier I Capital</b>   | <b>3.702.597</b> |   |
| <b>ADDITIONAL TIER 1 CAPITAL</b>  |                  |   |
| Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums   | -                |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)  | 1.464.795        |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)   | -                |   |
| Shares of Third Parties in Additional Tier 1 Capital  | -                |   |
| Shares of Third Parties in Additional Tier 1 Capital (Those within the scope of Temporary Article 3)  | -                |   |
| <b>Additional Tier 1 Capital Before Deductions</b>  | <b>1.464.795</b> |   |
| <b>Deductions From Additional Tier 1 Capital</b>  | -                |   |
| Direct and Indirect Investments of the Bank on its own Additional Tier I Capital  | -                | - |
| Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation               | -                | - |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital                | -                | - |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

|   |                  |   |
|---|------------------|---|
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -                | - |
| 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 Ratios 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 Ratios 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>Total Additional Tier I Capital</b>  | <b>1.464.795</b> |   |
| <b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>  | <b>5.167.392</b> |   |
| <b>TIER II CAPITAL</b>  |                  |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA  | 548.091          |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)   | -                |   |
| Shares of Third Parties in the contribution capital   |                  |   |
| Shares of Third Parties in the contribution capital (within the scope of Temporary Article 3)   | -                |   |
| Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)  | 261.717          |   |
| <b>Total Deductions from Tier II Capital</b>  | <b>809.808</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 Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)   | -                | - |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Consolidated 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>Total Tier II Capital</b>  | <b>809.808</b>   |   |
| <b>Total Equity (Total Tier I and Tier II Capital)</b>  | <b>5.977.200</b> |   |
| <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 Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years  | -                |   |
| Other items to be Defined by the BRSA   | -                |   |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

|   |                  |   |
|---|------------------|---|
| <b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>   | <b>5.949</b>     |   |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital 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 Consolidated 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 )   | <b>5.977.200</b> | - |
| Total Risk Weighted Assets  | 28.407.057       | - |
| <b>CAPITAL ADEQUACY RATIOS</b>  |                  |   |
| Consolidated CET1 Capital Ratio (%)   | 13,03            | - |
| Consolidated Tier I Capital Ratio (%)   | 18,19            | - |
| Capital Adequacy Ratio (%)  | 21,04            | - |
| <b>BUFFERS</b>  |                  |   |
| Bank-specific total CET1 Capital Ratio  | 2,5              | - |
| Capital Conservation Buffer Ratio (%)   | 2,5              | - |
| Bank-specific Counter-Cyclical Capital Buffer Ratio (%)   | -                | - |
| 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   | -                | - |
| <b>Amounts Lower Than Excesses as per Deduction Rules</b>   | -                | - |
| Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital   | -                | - |
| Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital   | -                | - |



**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

|   |         |   |
|---|---------|---|
| 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)   | 261.717 | - |
| General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets   | 261.717 | - |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach                                       | 29.475  | - |
| 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 | -       | - |
| <b>Debt Instruments Covered by Temporary Article 4<br/>(effective between 1.1.2018-1.1.2022)</b>  | -       | - |
| 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  | -       | - |

(\*)Amounts to be taken into consideration under the previous provisions

In the consolidated equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

| <b>Prior Period (31.12.2020)</b>  | <b>Amount</b>    | <b>Amount<br/>Related to<br/>Practice<br/>before<br/>1/1/2014*</b> |
|---|------------------|--|
| <b>Common Equity Tier I Capital</b>   |                  |  |
| Paid-in Capital to be Entitled for Compensation after All Creditors   | 1.806.074        |  |
| Share Premium   | 3.683            |  |
| Reserves  | 1.262.036        |  |
| Other Comprehensive Income according to TAS   | 18.838           |  |
| Profit  | 501.583          |  |
| Net profit for the period   | 501.583          |  |
| Retained Earnings   | -                |  |
| Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit  | -                |  |
| Minority shares   | -                |  |
| <b>Common Equity Tier I Capital Before Deductions</b>   | <b>3.592.214</b> |  |
| <b>Deductions from Common Equity Tier I Capital</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   | 432              | -  |
| Leasehold Improvements on Operational Leases  | 4.354            | -  |
| Goodwill Netted with Deferred Tax Liabilities   | -                | -  |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights   | 17.744           | -  |
| Net Deferred Tax Asset/Liability  | -                | -  |
| 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   | -                | -  |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

|   |                  |   |
|---|------------------|---|
| Direct and Indirect Investments of the Bank on its own Tier I Capital (-)   | -                | - |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)  | -                | - |
| Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                | - |
| Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 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 Ratios of Banks (-)   | -                | - |
| The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)               | -                | - |
| Mortgage Servicing Rights not deducted (-)  | -                | - |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)   | 18.054           | - |
| 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>22.530</b>    |   |
| <b>Total Common Equity Tier I Capital</b>   | <b>3.569.684</b> |   |
| <b>ADDITIONAL TIER 1 CAPITAL</b>  |                  |   |
| Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums   | -                |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA  | 1.371.165        |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)   | -                |   |
| Shares of third parties in additional Tier 1 capital  |                  |   |
| Shares of third parties in the additional tier capital (within the scope of Provisional Article 3)  |                  |   |
| <b>Additional Tier 1 Capital Before Deductions</b>  | <b>1.371.165</b> |   |
| <b>Deductions From Additional Tier 1 Capital</b>  | -                |   |
| Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)  | -                | - |
| Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                | - |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

|  |                  |   |
|--|------------------|---|
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank                  | -                | - |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital   | -                | - |
| Other items to be defined by the 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 Ratios 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 Ratios 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>Total Additional Tier I Capital</b>   | <b>1.371.165</b> |   |
| <b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>   | <b>4.940.849</b> |   |
| <b>TIER II CAPITAL</b>   |                  |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA   | 513.057          |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)  | -                |   |
| Shares of third parties in the contribution capital  | -                |   |
| Shares of third parties in the contribution capital (within the scope of Temporary Article 3)  | -                |   |
| Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)   | 215.738          |   |
| <b>Total Deductions from Tier II Capital</b>   | <b>728.795</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 Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)  | -                | - |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-) | -                | - |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

|   |                  |   |
|---|------------------|---|
| Other items to be defined by the BRSA (-)   | -                |   |
| <b>Total Deductions from Tier II Capital</b>  | -                |   |
| <b>Total Tier II Capital</b>  | <b>728.795</b>   |   |
| <b>Total Equity (Total Tier I and Tier II Capital)</b>  | <b>5.669.644</b> |   |
| <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 Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years  | -                |   |
| Other items to be Defined by the BRSA   | -                |   |
| <b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>   | <b>18.838</b>    |   |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital 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 Consolidated 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 )   | <b>5.669.664</b> | - |
| Total Risk Weighted Assets  | 25.289.491       | - |
| <b>CAPITAL ADEQUACY RATIOS</b>  |                  | - |
| CET1 Capital Ratio (%)  | 14,04            | - |
| Tier I Capital Ratio (%)  | 19,47            | - |
| Capital Adequacy Ratio (%)  | 22,35            | - |
| <b>BUFFERS</b>  |                  | - |
| Bank-specific total CET1 Capital Ratio  | 2,5              | - |
| Capital Conservation Buffer Ratio (%)   | 2,5              | - |
| Bank-specific Counter-Cyclical Capital Buffer Ratio (%)   | -                | - |
| Systemic significant bank buffer ratio (%)  | -                | - |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on Consolidated Equity Items (Continued):**

|   |         |   |
|---|---------|---|
| Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation                       | -       | - |
| <b>Amounts Lower Than Excesses as per Deduction Rules</b>   | -       | - |
| Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital             | -       | - |
| Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated 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)   | 215.738 | - |
| General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets   | 215.738 | - |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach   | 22.541  | - |
| 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   | -       | - |
| <b>Debt Instruments Covered by Temporary Article 4</b>  | -       | - |
| <b>(effective between 1.1.2018-1.1.2022)</b>  | -       | - |
| 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  | -       | - |

*\* Amounts to be taken into consideration under the previous provisions*

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Explanations on the reconciliation of consolidated capital items to balance sheet:**

| <b>Current Period (31.03.2021)</b>  | <b>Balance Sheet Value</b> | <b>Amount of adjustment</b> | <b>Value at capital report</b> |
|---|----------------------------|-----------------------------|--------------------------------|
| <b>1.Paid-in-Capital</b>  | 1.600.000                  | 206.074                     | 1.806.074                      |
| <b>2.Capital Reserves</b>   | 209.757                    | (206.074)                   | 3.683                          |
| 2.1. Share Premium  | 3.683                      | -                           | 3.683                          |
| 2.2. Share Cancellation Profits   | -                          | -                           | -                              |
| 2.3. Other Capital Reserves   | 206.074                    | (206.074)                   | -                              |
| <b>3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss</b> | (348)                      | -                           | (348)                          |
| <b>4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss</b>    | (11.670)                   | 17.619                      | 5.949                          |
| <b>5.Profit Reserves</b>  | 1.763.876                  | (270)                       | 1.763.606                      |
| <b>6.Profit or Loss</b>   | 197.891                    | 270                         | 198.161                        |
| 6.1. Prior Periods' Profit or (Loss)  | (270)                      | 270                         | -                              |
| 6.2. Current Period Profit or (Loss)  | 198.161                    | -                           | 198.161                        |
| Deductions from Common Equity Tier I Capital (-)  | -                          | (74.528)                    | (74.528)                       |
| <b>Common Equity Tier I Capital</b>   | <b>3.759.506</b>           | <b>(56.909)</b>             | <b>3.702.597</b>               |
| Subordinated Loans  | -                          | 1.464.795                   | 1.464.795                      |
| Deductions from Tier I capital (-)  | -                          | -                           | -                              |
| <b>Tier I Capital</b>   | <b>3.759.506</b>           | <b>1.407.886</b>            | <b>5.167.392</b>               |
| Subordinated Loans  | -                          | 548.091                     | 548.091                        |
| General Provisions  | -                          | 261.717                     | 261.717                        |
| Deductions from Tier II capital (-)   | -                          | -                           | -                              |
| <b>Tier II Capital</b>  | <b>-</b>                   | <b>809.808</b>              | <b>809.808</b>                 |
| Deductions from Total Capital (-)   | -                          | -                           | -                              |
| <b>Total</b>  | <b>3.759.506</b>           | <b>2.217.694</b>            | <b>5.977.200</b>               |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**  
**(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Explanations on the reconciliation of consolidated capital items to balance sheet (Continued):**

| <b>Prior Period (31.12.2020)</b>  | <b>Balance Sheet Value</b> | <b>Amount of adjustment</b> | <b>Value at capital report</b> |
|---|----------------------------|-----------------------------|--------------------------------|
| <b>1.Paid-in-Capital</b>  | 1.600.000                  | 206.074                     | 1.806.074                      |
| <b>2.Capital Reserves</b>   | 209.757                    | (206.074)                   | 3.683                          |
| 2.1. Share Premium  | 3.683                      | -                           | 3.683                          |
| 2.2. Share Cancellation Profits   | -                          | -                           | -                              |
| 2.3. Other Capital Reserves   | 206.074                    | (206.074)                   | -                              |
| <b>3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss</b> | (348)                      | -                           | (348)                          |
| <b>4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss</b>    | 14.914                     | 3.924                       | 18.838                         |
| <b>5.Profit Reserves</b>  | 1.262.036                  | -                           | 1.262.036                      |
| <b>6.Profit or Loss</b>   | 501.583                    | -                           | 501.583                        |
| 6.1. Prior Periods' Profit or (Loss)  | -                          | -                           | -                              |
| 6.2. Current Period Profit or (Loss)  | 501.583                    | -                           | 501.583                        |
| Deductions from Common Equity Tier I Capital (-)  | -                          | (40.236)                    | (40.236)                       |
| <b>Common Equity Tier I Capital</b>   | <b>3.587.942</b>           | <b>(36.312)</b>             | <b>3.551.630</b>               |
| Subordinated Loans  | -                          | 1.371.165                   | 1.371.165                      |
| Deductions from Tier I capital (-)  | -                          | -                           | -                              |
| <b>Tier I Capital</b>   | <b>3.587.942</b>           | <b>1.334.853</b>            | <b>4.922.795</b>               |
| Subordinated Loans  | -                          | 513.057                     | 513.057                        |
| General Provisions  | -                          | 215.738                     | 215.738                        |
| Deductions from Tier II capital (-)   | -                          | -                           | -                              |
| <b>Tier II Capital</b>  | <b>-</b>                   | <b>728.795</b>              | <b>728.795</b>                 |
| Deductions from Total Capital (-)   | -                          | -                           | -                              |
| <b>Total</b>  | <b>3.587.942</b>           | <b>2.063.648</b>            | <b>5.651.590</b>               |



**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on borrowing instruments to be included in the consolidated equity calculation:**

|   |   |
|---|---|
| <b>Current Period (31.03.2021)</b>  |   |
| Issuer  | Bank / Republic of Turkey Ministry of Treasury and Finance                        |
| Identifier (CUSIP, ISIN etc.)   | -   |
| Governing law (s) of the instrument   | BRSA  |
| <b>Regulatory treatment</b>   |   |
| Subject to 10% deduction as of 1/1/2015   | No  |
| Eligible on unconsolidated and /or consolidated basis   | Consolidated and Unconsolidated   |
| Instrument type   | Loan  |
| Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)                | 548   |
| Nominal value of instrument (TL million)  | 548   |
| Accounting classification of the instrument   | Liabilities Subordinated Loan   |
| Original date of issuance   | 31.12.2018  |
| Maturity structure of the instrument (perpetual/dated)  | Perpetual   |
| Starting maturity of the instrument   | -   |
| Issuer call subject to prior supervisory (BRSA) approval  | Yes   |
| Call option dates, conditioned call dates and call amount   | -   |
| Subsequent call dates, if applicable  | -   |
| <b>Interest / dividend payments</b>   |   |
| Fixed or floating coupon/dividend payments  | -   |
| Interest rate and related index value   | -   |
| Existence of any dividend payment restriction   | -   |
| Fully discretionary, partially discretionary or mandatory   | -   |
| Existence of step up or other incentive to redeem   | -   |
| Noncumulative or cumulative   | -   |
| <b>Convertible into equity shares</b>   |   |
| If convertible, conversion trigger (s)  | -   |
| If convertible, fully or partially  | -   |
| If convertible, conversion rate   | -   |
| If convertible, mandatory or optional conversion  | -   |
| If convertible, type of instrument convertible into   | -   |
| If convertible, issuer of instrument to be converted into   | -   |
| <b>Write-down feature</b>   |   |
| If bonds can be written-down, writedown trigger(s)  | -   |
| If bond can be written-down, full or partial  | -   |
| If bond can be written-down, permanent or temporary   | -   |
| If temporary write-down, description of write-up mechanism  | -   |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After borrowings, before the additional capital, same as Tier II Capital.         |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Complies with the requirements of Article 8 of the Regulation on Equity of Banks. |
| Details of incompliances with article number 7 and 8 of Regulation on Bank Capital                                | Complies with the requirements of Article 8 of the Regulation on Equity of Banks  |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on borrowing instruments to be included in the consolidated equity calculation  
(Continued):**

|   |  |
|---|--|
| <b>(Prior Period 31.12.2020)</b>  |  |
| Issuer  | Bank / Republic of Turkey Ministry of Treasury and Finance                         |
| Identifier (CUSIP, ISIN etc.)   | -  |
| Governing law (s) of the instrument   | BRSA   |
| <b>Regulatory treatment</b>   |  |
| Subject to 10% deduction as of 1/1/2015   | No   |
| Eligible on unconsolidated and/or consolidated basis  | Consolidated and Unconsolidated  |
| Instrument type   | Loan   |
| Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)                | 513  |
| Nominal value of instrument (TL million)  | 513  |
| Accounting classification of the instrument   | Liabilities  |
| Original date of issuance   | Subordinated Loan  |
| Maturity structure of the instrument (perpetual/dated)  | 31.12.2018   |
| Starting maturity of the instrument   | Perpetual  |
| Issuer call subject to prior supervisory (BRSA) approval  | -  |
| Call option dates, conditioned call dates and call amount   | Yes  |
| Subsequent call dates, if applicable  | -  |
| <b>Interest / dividend payments</b>   |  |
| Fixed or floating coupon/dividend payments  | -  |
| Interest rate and related index value   | -  |
| Existence of any dividend payment restriction   | -  |
| Fully discretionary, partially discretionary or mandatory   | -  |
| Existence of step up or other incentive to redeem   | -  |
| Noncumulative or cumulative   | -  |
| <b>Convertible into equity shares</b>   |  |
| If convertible, conversion trigger (s)  | -  |
| If convertible, fully or partially  | -  |
| If convertible, conversion rate   | -  |
| If convertible, mandatory or optional conversion  | -  |
| If convertible, type of instrument convertible into   | -  |
| If convertible, issuer of instrument to be converted into   | -  |
| <b>Write-down feature</b>   |  |
| If bonds can be written-down, writedown trigger(s)  | -  |
| If bond can be written-down, full or partial  | -  |
| If bond can be written-down, permanent or temporary   | -  |
| If temporary write-down, description of write-up mechanism  | -  |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After borrowings, before the additional capital, same as Tier II Capital.          |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Complies with the requirements of Article 8 of the Regulation on Equity of Banks.. |
| Details of incompliances with article number 7 and 8 of Regulation on Bank Capital                                | Complies with the requirements of Article 8 of the Regulation on Equity of Banks.  |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on borrowing instruments to be included in the consolidated equity calculation (Continued):**

|   |  |
|---|--|
| <b>(Current Period 31.03.2021)</b>  |  |
| Issuer  | Bank / Turkey Wealth Fund  |
| Identifier (CUSIP, ISIN etc.)   | -  |
| Governing law (s) of the instrument   | BRSA   |
| <b>Regulatory treatment</b>   |  |
| Subject to 10% deduction as of 1/1/2015   | No   |
| Eligible on unconsolidated and /or consolidated basis   | Consolidated and Unconsolidated  |
| Instrument type   | Loan   |
| Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)                | 1.465  |
| Nominal value of instrument (TL million)  | 1.465  |
| Accounting classification of the instrument   | Liabilities Subordinated Loan  |
| Original date of issuance   | 24.04.2019   |
| Maturity structure of the instrument (perpetual/dated)  | Perpetual  |
| Starting maturity of the instrument   | -  |
| Issuer call subject to prior supervisory (BRSA) approval  | Yes  |
| Call option dates, conditioned call dates and call amount   | 25.04.2024<br>(There is an early payment option after the 5th year)          |
| Subsequent call dates, if applicable  | -  |
| <b>Interest / dividend payments</b>   |  |
| Fixed or floating coupon/dividend payments  | Fixed Interest   |
| Interest rate and related index value   | 5,08   |
| Existence of any dividend payment restriction   | -  |
| Fully discretionary, partially discretionary or mandatory   | -  |
| Existence of step up or other incentive to redeem   | -  |
| Noncumulative or cumulative   | -  |
| <b>Convertible into equity shares</b>   |  |
| If convertible, conversion trigger (s)  | -  |
| If convertible, fully or partially  | -  |
| If convertible, conversion rate   | -  |
| If convertible, mandatory or optional conversion  | -  |
| If convertible, type of instrument convertible into   | -  |
| If convertible, issuer of instrument to be converted into   | -  |
| <b>Write-down feature</b>   |  |
| If bonds can be written-down, writedown trigger(s)  | -  |
| If bond can be written-down, full or partial  | -  |
| If bond can be written-down, permanent or temporary   | -  |
| If temporary write-down, description of write-up mechanism  | -  |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After the debt instruments to be included in secondary capital calculation.  |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Instrument is in compliant with Article 7 of the Regulation on Bank Capital. |
| Details of incompliance with article number 7 and 8 of Regulation on Bank Capital                                 | Instrument is in compliant with Article 7 of the Regulation on Bank Capital. |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**I. Explanations Related to Consolidated Equity (Continued)**

**Information on borrowing instruments to be included in the consolidated equity  
calculation (Continued)**

|   |  |
|---|--|
| <b>(Prior Period 31.12.2020)</b>  |  |
| Issuer  | Bank / Turkey Wealth Fund  |
| Identifier (CUSIP, ISIN etc.)   | -  |
| Governing law (s) of the instrument   | BRSA   |
| <b>Regulatory treatment</b>   |  |
| Subject to 10% deduction as of 1/1/2015   | No   |
| Eligible on unconsolidated and /or consolidated basis   | Consolidated and Unconsolidated  |
| Instrument type   | Loan   |
| Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)                | 1.371  |
| Nominal value of instrument (TL million)  | 1.371  |
| Accounting classification of the instrument   | Liabilities Subordinated Loan  |
| Original date of issuance   | 24.04.2019   |
| Maturity structure of the instrument (perpetual/dated)  | Perpetual  |
| Starting maturity of the instrument   | -  |
| Issuer call subject to prior supervisory (BRSA) approval  | Yes  |
| Call option dates, conditioned call dates and call amount   | 25.04.2024<br>(There is an early payment option after the 5th year)          |
| Subsequent call dates, if applicable  | -  |
| <b>Interest / dividend payments</b>   |  |
| Fixed or floating coupon/dividend payments  | Fixed Interest   |
| Interest rate and related index value   | 5,08   |
| Existence of any dividend payment restriction   | -  |
| Fully discretionary, partially discretionary or mandatory   | -  |
| Existence of step up or other incentive to redeem   | -  |
| Noncumulative or cumulative   | -  |
| <b>Convertible into equity shares</b>   |  |
| If convertible, conversion trigger (s)  | -  |
| If convertible, fully or partially  | -  |
| If convertible, conversion rate   | -  |
| If convertible, mandatory or optional conversion  | -  |
| If convertible, type of instrument convertible into   | -  |
| If convertible, issuer of instrument to be converted into   | -  |
| <b>Write-down feature</b>   |  |
| If bonds can be written-down, writedown trigger(s)  | -  |
| If bond can be written-down, full or partial  | -  |
| If bond can be written-down, permanent or temporary   | -  |
| If temporary write-down, description of write-up mechanism  | -  |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After the debt instruments to be included in secondary capital calculation.  |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Instrument is in compliant with Article 7 of the Regulation on Bank Capital. |
| Details of incompiences with article number 7 and 8 of Regulation on Bank Capital                                 | Instrument is in compliant with Article 7 of the Regulation on Bank Capital. |

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**II. Explanations related to consolidated currency risk:**

The Parent Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The Parent Bank's currency risk management policy of the Bank defined as, keeping the "Foreign Currency Net General Position / Equity Standard" ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the exchange rate risk faced by the Parent Bank on a daily basis is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future exchange rate risks (including foreign currency-indexed assets and liabilities).

The Parent Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the bank, the risk of foreign exchange rate of the Parent Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA, which is 20%.

The foreign exchange buying rates of the Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

| <b><u>Date</u></b> | <b><u>USD</u></b> | <b><u>EURO</u></b> | <b><u>100 JPY</u></b> |
|--------------------|-------------------|--------------------|-----------------------|
| 31/03/2021         | 8,3251            | 9,7653             | 7,5511                |
| 30/03/2021         | 8,1395            | 9,5623             | 7,4259                |
| 29/03/2021         | 8,0093            | 9,4334             | 7,3238                |
| 26/03/2021         | 7,8975            | 9,3048             | 7,2408                |
| 25/03/2021         | 7,8856            | 9,3153             | 7,2591                |

The simple arithmetic average of the last thirty day rates as of 31 March 2021; USD: TL 7,595619, EURO: TL : 9,040855, 100 JPY: TL 7,007200.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**  
**(Continued)**

**II. Explanations related to consolidated currency risk (Continued):**

**Information on the currency risk of the Parent Bank:**

| <b>Current Period (31.03.2021)</b>   | <b>EURO</b>       | <b>USD</b>        | <b>Other FC<br/>(1)</b> | <b>Total</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 | -                 | -                 | -                       | -                 |
| Banks  | 1.254.333         | 366.463           | 647                     | 1.621.443         |
| Financial assets at fair value through profit and loss   | 184.348           | -                 | -                       | 184.348           |
| Money market placements  | -                 | -                 | -                       | -                 |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income   | 399.920           | 226.744           | -                       | 626.664           |
| Loans  | 8.301.004         | 13.058.439        | -                       | 21.359.443        |
| Subsidiaries, associates and jointly controlled entities (joint ventures)  | -                 | -                 | -                       | -                 |
| Financial Assets Measured at Amortised Cost  | 1.721.088         | -                 | -                       | 1.721.088         |
| Derivative financial assets for hedging purposes   | -                 | -                 | -                       | -                 |
| Tangible Assets  | -                 | -                 | -                       | -                 |
| Intangible Assets  | -                 | -                 | -                       | -                 |
| Other assets   | 9.359             | 40.574            | -                       | 49.933            |
| <b>Total assets</b>  | <b>11.870.052</b> | <b>13.692.220</b> | <b>647</b>              | <b>25.562.919</b> |

|   |                   |                   |          |                   |
|---|-------------------|-------------------|----------|-------------------|
| <b>Liabilities</b>                                    |                   |                   |          |                   |
| Interbank deposits                                    | -                 | -                 | -        | -                 |
| Other deposits  | -                 | -                 | -        | -                 |
| Money market borrowings                               | -                 | -                 | -        | -                 |
| Funds provided from other financial institutions      | 9.499.787         | 13.517.976        | -        | 23.017.763        |
| Marketable securities issued                          | -                 | -                 | -        | -                 |
| Sundry creditors                                      | 2.147.069         | -                 | -        | 2.147.069         |
| Derivative financial liabilities for hedging purposes | -                 | -                 | -        | -                 |
| Other liabilities                                     | 70.407            | 170.170           | -        | 240.577           |
| <b>Total liabilities</b>                              | <b>11.717.263</b> | <b>13.688.146</b> | <b>-</b> | <b>25.405.409</b> |

|                                       |          |        |     |          |
|---------------------------------------|----------|--------|-----|----------|
| Net balance sheet position            | 152.789  | 4.074  | 647 | 157.510  |
| Net off-balance sheet position        | (97.653) | -      | -   | (97.653) |
| Assets on derivative instruments      | -        | -      | -   | -        |
| Liabilities on derivative instruments | (97.653) | -      | -   | (97.653) |
| Non-cash loans                        | 657.829  | 11.355 | -   | 669.184  |

|                                       |                   |                   |            |                   |
|---------------------------------------|-------------------|-------------------|------------|-------------------|
| <b>Prior Period (31.12.2020)</b>      |                   |                   |            |                   |
| Total assets                          | <b>11.017.494</b> | <b>12.215.732</b> | <b>610</b> | <b>23.233.836</b> |
| Total liabilities                     | <b>11.004.611</b> | <b>12.224.768</b> | <b>-</b>   | <b>23.229.379</b> |
| Net balance sheet position            | 12.883            | (9.036)           | 610        | 4.457             |
| Net off-balance sheet position        | (6.399)           | 6.396             | -          | (3)               |
| Assets on derivative instruments      | 2.742             | 16.582            | -          | 19.324            |
| Liabilities on derivative instruments | (9.141)           | (10.186)          | -          | (19.327)          |
| Non-cash loans                        | 675.830           | -                 | -          | 675.830           |

(1) The foreign currencies presented in the other FC column of assets comprise, 16% GBP, 50% CHF, 34% JPY.

## **SECTION FOUR (Continued)**

### **CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

#### **III. Explanations related to consolidated interest rate risk::**

The interest rate risk indicates the probability of loss that the Parent Bank may incur due to the position of the financial instruments due to movements in the interest rates. Changes in interest rates affect the return on the assets and the cost of the liabilities. Interest rate risk arising from banking accounts, includes re-pricing risk, yield curve risk, base risk and option risk.

The interest rates determined by the market actors, especially the central banks, have a decisive role on the economic value of the Parent Bank's balance sheet and on the Parent Bank's income-loss balance. Sudden interest shocks in the market because the Parent Bank to open the gap between the applied interest rate of the revenue generating assets and the interest paid on the liabilities. The opening of this gap may cause the Parent Bank interest income to be adversely affected by fluctuations in market interest rates and may cause decrease in profitability of the Parent Bank.

The Parent Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment is respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Almost the entire loan portfolio is financed by floating rate borrowings, thus interest rate risk from changes in interest rates seems not probable for the loan portfolio because of the correlation provided between the sources and the uses and other loans in the portfolio are financed by the equity of the Parent Bank.

Within the framework of the Parent Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Parent Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in interest rates are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

There is no interest rate mismatch on loan portfolio as the main principle of interest rate adjustment on the source and disbursement side of the loan portfolio of the Parent Bank. For this reason, the Parent Bank's credit portfolio does not carry any interest rate risk even if it is affected by market volatility. Interest rate-sensitive items on the Parent Bank's balance sheet are limited only to the size of the Financial Assets Measured at Fair Value Through Other Comprehensive Income within the liquid portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Parent Bank's financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Bank monitors and controls whether interest-sensitive assets are within the determined limits.

In order to minimize the likelihood that the change in market interest rates in the Parent Bank's securities portfolio management will cause adverse effects on the financial structure of the bank, limits have been set on the adjusted duration of the securities portfolio and the amount of daily loss that may arise from the securities portfolio.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**III. Explanations related to consolidated interest rate risk (Continued):**

Based on the statutory 20% rate of "The Ratio of Interest Rate Risk Due To Banking Book" determined by the BRSA to the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book within the scope of the interest rate limits of the Parent Bank, is determined with a more conservative approach..

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

| <b>End of the Current Period (31.03.2021)</b>   | <b>Up to 1<br/>Month</b> | <b>1-3<br/>Months</b> | <b>3-12<br/>Months</b> | <b>1-5<br/>Years</b> | <b>5 Years<br/>and<br/>Over</b> | <b>Non-<br/>Interest<br/>Bearing</b> | <b>Total</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 <sup>(1)</sup> | -                        | -                     | -                      | -                    | -                               | 1.463                                | 1.463              |
| Banks <sup>(1)</sup>  | 3.330.387                | -                     | -                      | -                    | -                               | 52.269                               | 3.382.656          |
| Financial assets at fair value through profit and loss  | -                        | -                     | -                      | -                    | -                               | 184.348                              | 184.348            |
| Money market placements   | 949.895                  | -                     | -                      | -                    | -                               | -                                    | 949.895            |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income <sup>(3)</sup>   | 291.767                  | 22.753                | 733.294                | 404.246              | -                               | 14.991                               | 1.467.051          |
| Loans <sup>(2) (5)</sup>  | 5.249.217                | 2.852.748             | 6.850.853              | 2.550.885            | 5.099.566                       | 52.336                               | 22.655.605         |
| Financial Assets Measured at Amortised Cost   | -                        | -                     | -                      | 1.837.655            | 10.519                          | -                                    | 1.848.174          |
| Other assets <sup>(4) (5)</sup>   | -                        | -                     | -                      | -                    | -                               | 180.986                              | 180.986            |
| <b>Total Assets</b>   | <b>9.821.266</b>         | <b>2.875.501</b>      | <b>7.584.147</b>       | <b>4.792.786</b>     | <b>5.110.085</b>                | <b>486.393</b>                       | <b>30.670.178</b>  |
| <b>Liabilities</b>  |                          |                       |                        |                      |                                 |                                      |                    |
| Interbank deposits  | -                        | -                     | -                      | -                    | -                               | -                                    | -                  |
| Other deposits  | -                        | -                     | -                      | -                    | -                               | -                                    | -                  |
| Money market borrowings   | 212.834                  | -                     | -                      | -                    | -                               | -                                    | 212.834            |
| Sundry creditors  | -                        | -                     | -                      | -                    | -                               | 198.765                              | 198.765            |
| Marketable securities issued  | -                        | -                     | -                      | -                    | -                               | -                                    | -                  |
| Funds provided from other financial institutions  | 6.350.834                | 4.582.006             | 6.284.150              | 3.958.251            | 2.913.615                       | -                                    | 24.088.856         |
| Other liabilities <sup>(4)</sup>  | 58.434                   | -                     | -                      | -                    | -                               | 6.111.289                            | 6.169.723          |
| <b>Total liabilities</b>  | <b>6.622.102</b>         | <b>4.582.006</b>      | <b>6.284.150</b>       | <b>3.958.251</b>     | <b>2.913.615</b>                | <b>6.310.054</b>                     | <b>30.670.178</b>  |
| <b>Long position on balance sheet</b>   | <b>3.199.164</b>         | <b>-</b>              | <b>1.299.997</b>       | <b>834.536</b>       | <b>2.196.470</b>                | <b>-</b>                             | <b>7.530.167</b>   |
| <b>Short position on balance sheet</b>  | <b>-</b>                 | <b>(1.706.505)</b>    | <b>-</b>               | <b>-</b>             | <b>-</b>                        | <b>(5.823.662)</b>                   | <b>(7.530.167)</b> |
| <b>Long position on off-balance sheet</b>   | <b>-</b>                 | <b>-</b>              | <b>-</b>               | <b>-</b>             | <b>-</b>                        | <b>-</b>                             | <b>-</b>           |
| <b>Short position on off-balance sheet</b>  | <b>-</b>                 | <b>-</b>              | <b>-</b>               | <b>-</b>             | <b>-</b>                        | <b>-</b>                             | <b>-</b>           |
| <b>Total position</b>   | <b>3.199.164</b>         | <b>(1.706.505)</b>    | <b>1.299.997</b>       | <b>834.536</b>       | <b>2.196.470</b>                | <b>(5.823.662)</b>                   | <b>-</b>           |

<sup>(1)</sup> Balances without maturity are shown in the "Non-interest Bearing" column.

<sup>(2)</sup> Net balance of non-performing loans and receivables is shown in "Non-interest Bearing" column.

<sup>(3)</sup> Securities representing a share in capital and investment funds are shown in "Non-interest Bearing" column.

<sup>(4)</sup> Deferred tax asset, shareholders' equity and other non-interest bearing assets and liabilities are shown in "Non-interest Bearing" column.

<sup>(5)</sup> Lease receivables (TL 38) are represented in other assets.

<sup>(6)</sup> The expected credit losses for financial assets and other assets are reflected in the related items.



**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**III. Explanations related to consolidated interest rate risk (Continued):**

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

| <b>End of the Prior Period (31.12.2020)</b>   | <b>Up to 1<br/>Month</b> | <b>1–3<br/>Months</b> | <b>3–12<br/>Months</b> | <b>1–5<br/>Years</b> | <b>5 Years<br/>and<br/>Over</b> | <b>Non-<br/>Interest<br/>Bearing</b> | <b>Total</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 <sup>(1)</sup> | -                        | -                     | -                      | -                    | -                               | 1.174                                | 1.174               |
| Banks <sup>(1)</sup>  | 3.529.984                | -                     | -                      | -                    | -                               | 25.653                               | 3.555.637           |
| Financial assets at fair value through profit and loss  | -                        | -                     | -                      | -                    | -                               | 119.725                              | 119.725             |
| Money market placements   | 1.499.794                | -                     | -                      | -                    | -                               | -                                    | 1.499.794           |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income <sup>(3)</sup>   | 227.050                  | 24.484                | 479.843                | 219.175              | -                               | 14.990                               | 965.542             |
| Loans <sup>(2)</sup>  | 6.068.382                | 2.494.574             | 3.017.288              | 2.445.703            | 5.964.619                       | 68.132                               | 20.058.698          |
| Financial Assets Measured at Amortised Cost   | -                        | 2.051                 | -                      | 1.704.025            | 10.184                          | -                                    | 1.716.260           |
| Other assets <sup>(4)</sup>   | 43                       | -                     | -                      | -                    | -                               | 154.865                              | 154.908             |
| <b>Total Assets</b>   | <b>11.325.253</b>        | <b>2.521.109</b>      | <b>3.497.131</b>       | <b>4.368.903</b>     | <b>5.974.803</b>                | <b>384.539</b>                       | <b>28.071.738</b>   |
| <b>Liabilities</b>  |                          |                       |                        |                      |                                 |                                      |                     |
| Interbank deposits  | -                        | -                     | -                      | -                    | -                               | -                                    | -                   |
| Other deposits  | -                        | -                     | -                      | -                    | -                               | -                                    | -                   |
| Money market borrowings   | 203.850                  | -                     | -                      | -                    | -                               | -                                    | 203.850             |
| Sundry creditors  | -                        | -                     | -                      | -                    | -                               | 125.854                              | 125.854             |
| Marketable securities issued  | -                        | -                     | -                      | -                    | -                               | -                                    | -                   |
| Funds provided from other financial institutions  | 4.471.546                | 3.974.662             | 6.690.060              | 3.846.572            | 2.861.077                       | -                                    | 21.843.917          |
| Other liabilities <sup>(4)</sup>  | 83.369                   | -                     | -                      | -                    | -                               | 5.814.748                            | 5.898.117           |
| <b>Total liabilities</b>  | <b>4.758.765</b>         | <b>3.974.662</b>      | <b>6.690.060</b>       | <b>3.846.572</b>     | <b>2.861.077</b>                | <b>5.940.602</b>                     | <b>28.071.738</b>   |
| <b>Long position on balance sheet</b>   | <b>6.566.488</b>         | <b>-</b>              | <b>-</b>               | <b>522.331</b>       | <b>3.113.726</b>                | <b>-</b>                             | <b>10.202.545</b>   |
| <b>Short position on balance sheet</b>  | <b>-</b>                 | <b>(1.453.553)</b>    | <b>(3.192.929)</b>     | <b>-</b>             | <b>-</b>                        | <b>(5.556.063)</b>                   | <b>(10.202.545)</b> |
| <b>Long position on off-balance sheet</b>   | <b>-</b>                 | <b>-</b>              | <b>-</b>               | <b>-</b>             | <b>-</b>                        | <b>-</b>                             | <b>-</b>            |
| <b>Short position on off-balance sheet</b>  | <b>-</b>                 | <b>-</b>              | <b>-</b>               | <b>-</b>             | <b>-</b>                        | <b>-</b>                             | <b>-</b>            |
| <b>Total position</b>   | <b>6.566.488</b>         | <b>(1.453.553)</b>    | <b>(3.192.929)</b>     | <b>522.331</b>       | <b>3.113.726</b>                | <b>(5.556.063)</b>                   | <b>-</b>            |

<sup>(1)</sup> Balances without maturity are shown in the “Non-interest Bearing” column.

<sup>(2)</sup> Net balance of non-performing loans and receivables is shown in “Non-interest Bearing” column.

<sup>(3)</sup> Securities representing a share in capital and investment funds are shown in “Non-interest Bearing” column.

<sup>(4)</sup> Deferred tax asset, shareholders’ equity with subordinated debt instruments and other non-interest bearing assets and liabilities are shown in “Non-interest Bearing” column.

<sup>(5)</sup> Lease receivables (TL 70) are represented in other assets.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**  
**(Continued)**

**III. Explanations related to consolidated interest rate risk (Continued):**

**Average interest rates applied to monetary financial instruments (%):**

| <b>End of the Current Period (31.03.2021)</b>  | <b>EURO</b> | <b>USD</b>  | <b>JPY</b> | <b>TL</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 | -           | -           | -          | -            |
| Banks  | 1,16        | 0,72        | -          | 19,08        |
| Financial assets at fair value through profit and loss   | -           | -           | -          | -            |
| Money market placements  | -           | -           | -          | 19,00        |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income   | 2,55        | 5,80        | -          | 14,01        |
| Loans and Receivables  | 3,12        | 4,21        | -          | 14,18        |
| Financial Assets Measured at Amortised Cost  | 5,16        | -           | -          | 3,32         |
| <b>Liabilities (*)</b>   |             |             |            |              |
| Interbank deposits   | -           | -           | -          | -            |
| Other deposits   | -           | -           | -          | -            |
| Money market borrowings  | -           | -           | -          | 18,45        |
| Sundry creditors   | -           | -           | -          | -            |
| Marketable securities issued   | -           | -           | -          | -            |
| Funds provided from other financial institutions   | 1,00        | 1,00        | -          | 14,05        |
| <b>Assets (*)</b>  | <b>1,33</b> | <b>2,21</b> | <b>-</b>   | <b>10,92</b> |

(\*) Rates shown in the table are calculated by using the annual interest rates.

| <b>End of the Prior Period (31.12.2020)</b>  | <b>EURO</b> | <b>USD</b> | <b>JPY</b> | <b>TL</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 | -           | -          | -          | -         |
| Banks  | 1,61        | 1,17       | -          | 18,04     |
| Financial assets at fair value through profit and loss   | -           | -          | -          | -         |
| Money market placements  | -           | -          | -          | 17,98     |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income   | 2,82        | 7,31       | -          | 13,66     |
| Loans and Receivables  | 3,17        | 4,21       | -          | 12,98     |
| Financial Assets Measured at Amortised Cost  | 5,16        | -          | -          | 3,61      |
| <b>Liabilities (*)</b>   |             |            |            |           |
| Interbank deposits   | -           | -          | -          | -         |
| Other deposits   | -           | -          | -          | -         |
| Money market borrowings  | -           | -          | -          | 17,44     |
| Sundry creditors   | -           | -          | -          | -         |
| Marketable securities issued   | -           | -          | -          | -         |
| Funds accepted by Development and Investment Banks   | -           | 0,20       | -          | 12,00     |
| Funds provided from other financial institutions   | 1,32        | 2,25       | -          | 9,30      |

(\*) Rates shown in the table are calculated by using the annual interest rates..

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**IV. Explanations related to consolidated equity securities in banking book:**

None.

**V. Explanations related to consolidated liquidity risk management and liquidity coverage ratio:**

**1. Explanations on Consolidated Liquidity Risk Management**

The Parent Bank's liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of "Risk Management Strategies, Policies and Application Principles" that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows

Liquidity risk refers to the probability that the Parent Bank will incur the consequential loss that it cannot anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to Parent Bank's inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Parent Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Bank is specialized, its liquidity need is more predictable as compared to commercial banks, and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates with assets and liabilities in the balance sheet, is assured within the framework of the Asset Liability Management Committee's decisions. The Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium and long term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Parent Bank is calculated by using "Liquidity Analysis Forms" in accordance with the format determined by the BRSA and reported to the BRSA on a weekly and daily basis."

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the Liquidity Emergency Plan Directive of the Bank". The Parent Bank's "Liquidity Emergency Plan Directive" came into force with the decision of the Board of Directors dated 27 October 2016 and numbered 2016-20-10 / 180. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Parent Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Parent Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Bank's reputation.

In the liquidity risk management of the Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Bank's "Risk Management Strategies, Policies and Implementation Principles" and general market conditions are determinants. Therefore, units active in liquidity risk management, especially the Treasury Unit, act within these limitations.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**V. Explanations related to consolidated liquidity risk management and liquidity coverage ratio (Continued):**

**1. Explanations on Consolidated Liquidity Risk Management**

In the Parent Bank's liquidity risk management, limitations of the related regulations of BRSA, Bank's "Risk Management Strategies, Policies and Implementation Fundamentals" and internal risk limitations that are determined by general market conditions are fundamental. Consequently, active units within the liquidity risk management Department of Treasury being in the first place, act according to these limitations. First limitation on legal requirements set by the BRSA is; as per the regulation on "Calculation of Liquidity Coverage Ratio", minimum limits of 100% and 80% are assigned on consolidated and nonconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Bank's internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports that are prepared by the Risk Monitoring Department. Daily balance sheet and duration calculations are prepared by risk monitoring department. On weekly reports, which are prepared by the same department, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in "TKB Riskness Analysis According to Selected Indicators and Risk Groups" report prepared monthly includes;

- Proforma Cash Flows Statement,
- Proforma Currency Balance Sheet,
- Duration of Balance Sheet items, - in detail-Marketable Securities (by class of financial instruments),
- Summary of liquidity forms sent to BRSA by Financial Affairs Department. With proforma cash flows statement, amount of future liquid assets are shown in different scenarios for one year period.

Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Parent Bank, and results of liquidity measurement system are included in the decision making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Parent Bank's risk policies. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

**2. Consolidated liquidity coverage ratio**

The Bank's liquidity coverage rates are prepared weekly by Financial Affairs Department in accordance with the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948, and reported to the BRSA. Including the reporting period for the last 3 months minimum and maximum levels of unconsolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

|                                    | <b>Liquidity Coverage Ratio(Weekly Consolidated Report)</b> |            |       |            |
|------------------------------------|---|------------|-------|------------|
|                                    | FC  | Date       | FC+TL | Date       |
| <b>Current Period (31.03.2021)</b> |   |            |       |            |
| Maximum (%)                        | 100   | 05.02.2021 | 866   | 05.01.2021 |
| Minimum (%)                        | 89  | 12.01.2021 | 202   | 08.03.2021 |

**SECTION FOUR (Continued))**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**V. Explanations related to consolidated liquidity risk management and liquidity coverage ratio  
(Continued):**

**2. Consolidated liquidity coverage ratio (Continued):**

|   | Total Unweighted Value<br>(Average) <sup>(*)</sup> |                  | Total Weighted Value<br>(Average) <sup>(*)</sup> |                  |
|---|--|------------------|--|------------------|
| Current Period (31.03.2021)   | TL+FC  | FC               | TL+FC  | FC               |
| <b>HIGH-QUALITY LIQUID ASSETS</b>   |  |                  | <b>2.466.727</b>                                 | <b>280.848</b>   |
| Total high-quality liquid assets (HQLA)   |  |                  | 2.466.727  | 280.848          |
| <b>CASH OUTFLOWS</b>  |  |                  |  |                  |
| Retail and small business customers deposits  | -  | -                | -  | -                |
| Stable deposits   | -  | -                | -  | -                |
| Less stable deposits  | -  | -                | -  | -                |
| Unsecured funding other than retail and small business customers deposits                         | 352.489  | 289.396          | 268.375  | 218.977          |
| Operational deposits  | -  | -                | -  | -                |
| Non-operational deposits  | -  | -                | -  | -                |
| Other unsecured funding   | 352.489  | 289.396          | 268.375  | 218.977          |
| Secured wholesale funding   |  |                  | -  | -                |
| Other cash outflows   | 227.474  | 141.313          | 227.474  | 141.313          |
| Liquidity needs related to derivatives and market valuation changes on derivatives transactions   | 227.474  | 141.313          | 227.474  | 141.313          |
| Debts related to structured financial products  | -  | -                | -  | -                |
| Payment commitments related to debts to financial markets and other off balance sheet liabilities | -  | -                | -  | -                |
| Commitments that are unconditionally revocable at any time and other contractual commitments      | 8.359.209  | 3.703.860        | 417.960  | 185.193          |
| Other irrevocable or conditionally revocable commitments  | -  | -                | -  | -                |
| <b>TOTAL CASH OUTFLOWS</b>  |  |                  | <b>913.809</b>                                   | <b>545.483</b>   |
| <b>CASH INFLOWS</b>   |  |                  |  |                  |
| Secured receivables   | -  | -                | -  | -                |
| Unsecured receivables   | 3.355.395  | 1.858.918        | 3.274.703  | 1.781.469        |
| Other cash inflows  | 227.100  | 112.794          | 227.100  | 112.794          |
| <b>TOTAL CASH INFLOWS</b>   | <b>3.582.495</b>                                   | <b>1.971.712</b> | <b>3.501.803</b>                                 | <b>1.894.263</b> |
|   |  |                  | Total Adjusted Value                             |                  |
| <b>TOTAL HIGH QUALITY LIQUID ASSETS</b>   |  |                  | <b>2.466.727</b>                                 | <b>280.848</b>   |
| <b>TOTAL NET CASH OUTFLOWS</b>  |  |                  | <b>546.308</b>                                   | <b>283.856</b>   |
| <b>LIQUIDITY COVERAGE RATIO (%)</b>   |  |                  | <b>451,53</b>                                    | <b>98,94</b>     |

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

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**V. Explanations related to consolidated liquidity risk management and liquidity coverage ratio  
(Continued):**

**2. Consolidated liquidity coverage ratio (Continued):**

|   | Total Unweighted Value<br>(Average) <sup>(*)</sup> |                  | Total Weighted Value<br>(Average) <sup>(*)</sup> |                  |
|---|--|------------------|--|------------------|
| Prior Period (31.12.2020)   | TL+FC  | FC               | TL+FC  | FC               |
| <b>HIGH-QUALITY LIQUID ASSETS</b>   |  |                  | <b>3.049.208</b>                                 | <b>355.436</b>   |
| Total high-quality liquid assets (HQLA)   |  |                  | 3.049.208  | 355.436          |
| <b>CASH OUTFLOWS</b>  |  |                  |  |                  |
| Retail and small business customers deposits  | -  | -                | -  | -                |
| Stable deposits   | -  | -                | -  | -                |
| Less stable deposits  | -  | -                | -  | -                |
| Unsecured funding other than retail and small business customers deposits                         | 575.955  | 349.552          | 459.863  | 248.379          |
| Operational deposits  | -  | -                | -  | -                |
| Non-operational deposits  | -  | -                | -  | -                |
| Other unsecured funding   | 575.955  | 349.552          | 459.863  | 248.379          |
| Secured wholesale funding   |  |                  | -  | -                |
| Other cash outflows   | 205.438  | 157.381          | 205.438  | 157.381          |
| Liquidity needs related to derivatives and market valuation changes on derivatives transactions   | 205.438  | 157.381          | 205.438  | 157.381          |
| Debts related to structured financial products  | -  | -                | -  | -                |
| Payment commitments related to debts to financial markets and other off balance sheet liabilities | -  | -                | -  | -                |
| Commitments that are unconditionally revocable at any time and other contractual commitments      | 6.692.040  | 4.215.726        | 334.602  | 210.786          |
| Other irrevocable or conditionally revocable commitments  | -  | -                | -  | -                |
| <b>TOTAL CASH OUTFLOWS</b>  |  |                  | <b>999.903</b>                                   | <b>616.546</b>   |
| <b>CASH INFLOWS</b>   |  |                  |  |                  |
| Secured receivables   | -  | -                | -  | -                |
| Unsecured receivables   | 2.175.456  | 1.170.064        | 2.073.827  | 1.069.995        |
| Other cash inflows  | 205.314  | 130.643          | 205.314  | 130.643          |
| <b>TOTAL CASH INFLOWS</b>   | <b>2.380.770</b>                                   | <b>1.300.707</b> | <b>2.279.141</b>                                 | <b>1.200.638</b> |
|   |  |                  | Total Adjusted Value                             |                  |
| <b>TOTAL HIGH QUALITY LIQUID ASSETS</b>   |  |                  | <b>3.049.208</b>                                 | <b>355.436</b>   |
| <b>TOTAL NET CASH OUTFLOWS</b>  |  |                  | <b>474.745</b>                                   | <b>340.989</b>   |
| <b>LIQUIDITY COVERAGE RATIO (%)</b>   |  |                  | <b>642</b>                                       | <b>104</b>       |

(\*) Based on the BRSA's decision dated March 26, 2020 and numbered 8967, the data dated December 31, 2020 were used.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT  
(Continued)**

**V. Explanations related to consolidated liquidity risk management and liquidity coverage ratio  
(Continued):**

**3. Explanations Consolidated Liquidity Coverage Ratio**

**Significant factors that impact the result of consolidated liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio**

The significant factors that impact liquidity coverage ratio are net cash outflows and high quality assets stock. Items in the calculation of the ratio in consideration may be changed in time because of economic structure and decisions of the Bank fund management.

**The explanation about elements of the high quality liquid assets**

High quality liquid assets mostly consist of domestic government bonds, and eurobonds.

**Content of funds and their composition**

The main funding source of the Parent Bank is long-term loans from International Financial Institutions. The share of these resources in all funds is approximately 91.4%. 0.2% of the Bank's total funding consists of funds, and 8.4% consists of subordinated debt instruments.

**Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin**

Derivative transactions of the Parent Bank are predominantly swap transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit / loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

**Counterparty and product-based funding sources and concentration limits on collateral**

The fund sources of the Parent Bank, whose field of activity is development banking, are generally international development banks and financial institutions; There is no concentration limit on the other party and product basis.

**The operational and legal factors that hinder consolidated liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk**

None.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**V. Explanations related to consolidated liquidity risk management and liquidity coverage ratio (Continued):**

**4. Maturity analysis of assets and liabilities according to remaining maturities:**

|   | Demand          | Up to 1 Month    | 1-3 Months     | 3-12 Months      | 1-5 Years         | 5 Years and Over   | Undistributed <sup>(1)</sup> | Total             |
|---|-----------------|------------------|----------------|------------------|-------------------|--------------------|------------------------------|-------------------|
| <b>Current Period (31.03.2021)</b>  |                 |                  |                |                  |                   |                    |                              |                   |
| <b>Assets</b>   |                 |                  |                |                  |                   |                    |                              |                   |
| Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank) | 1.463           | -                | -              | -                | -                 | -                  | -                            | 1.463             |
| Banks   | 52.269          | 3.330.387        | -              | -                | -                 | -                  | -                            | 3.382.656         |
| Financial Assets at Fair Value through Profit/Loss                                      | 184.348         | -                | -              | -                | -                 | -                  | -                            | 184.348           |
| Interbank Money Market Placements   | -               | 949.895          | -              | -                | -                 | -                  | -                            | 949.895           |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income              | 14.991          | 266.538          | 29.319         | 581.130          | 395.555           | 179.518            | -                            | 1.467.051         |
| Loans <sup>(2)</sup>  | -               | 210.048          | 805.128        | 2.264.046        | 13.830.267        | 5.493.780          | 52.336                       | 22.655.605        |
| Financial Assets Measured at Amortised Cost   | -               | 6.956            | 519            | 17.778           | 1.812.921         | 10.000             | -                            | 1.848.174         |
| Other Assets <sup>(2)</sup>   | -               | -                | -              | -                | -                 | -                  | 180.986                      | 180.986           |
| <b>Total Assets <sup>(3)</sup></b>  | <b>253.071</b>  | <b>4.763.824</b> | <b>834.966</b> | <b>2.862.954</b> | <b>16.038.743</b> | <b>5.683.298</b>   | <b>233.322</b>               | <b>30.670.178</b> |
| <b>Liabilities</b>  |                 |                  |                |                  |                   |                    |                              |                   |
| Bank Deposits   | -               | -                | -              | -                | -                 | -                  | -                            | -                 |
| Other Deposits  | -               | -                | -              | -                | -                 | -                  | -                            | -                 |
| Other Funding   | -               | 957.004          | 475.827        | 1.745.930        | 12.967.867        | 7.942.228          | -                            | 24.088.856        |
| Interbank Money Market Takings  | -               | 212.834          | -              | -                | -                 | -                  | -                            | 212.834           |
| Securities Issued   | -               | -                | -              | -                | -                 | -                  | -                            | -                 |
| Miscellaneous Payables  | 198.765         | -                | -              | -                | -                 | -                  | -                            | 198.765           |
| Other Liabilities <sup>(2)</sup>  | 47.327          | 61.393           | 39.409         | -                | -                 | -                  | 6.021.594                    | 6.169.723         |
| <b>Total Liabilities</b>  | <b>246.092</b>  | <b>1.231.231</b> | <b>515.236</b> | <b>1.745.930</b> | <b>12.967.867</b> | <b>7.942.228</b>   | <b>6.021.594</b>             | <b>30.670.178</b> |
| <b>Liquidity Gap</b>  | <b>6.979</b>    | <b>3.532.593</b> | <b>319.730</b> | <b>1.117.024</b> | <b>3.070.876</b>  | <b>(2.258.930)</b> | <b>(5.788.272)</b>           | <b>-</b>          |
| <b>Net Off-Balance Position</b>   | <b>-</b>        | <b>(2.203)</b>   | <b>-</b>       | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>                     | <b>(2.203)</b>    |
| Derivative Financial Assets   | -               | 95.450           | -              | -                | -                 | -                  | -                            | 95.450            |
| Derivative Financial Liabilities  | -               | 97.653           | -              | -                | -                 | -                  | -                            | 97.653            |
| <b>Non-Cash Loans</b>   | <b>55.848</b>   | <b>-</b>         | <b>46.521</b>  | <b>36.131</b>    | <b>53</b>         | <b>586.532</b>     | <b>-</b>                     | <b>725.085</b>    |
| <b>Prior Period (31.12.2020)</b>  |                 |                  |                |                  |                   |                    |                              |                   |
| Total Assets  | 161.543         | 5.259.329        | 420.322        | 2.810.557        | 14.098.588        | 5.098.401          | 222.998                      | 28.071.738        |
| Total Liabilities   | 206.492         | 658.320          | 372.646        | 1.656.992        | 12.034.620        | 7.453.292          | 5.689.376                    | 28.071.738        |
| <b>Liquidity Gap</b>  | <b>(44.949)</b> | <b>4.601.009</b> | <b>47.676</b>  | <b>1.153.565</b> | <b>2.063.968</b>  | <b>(2.354.891)</b> | <b>(5.466.378)</b>           | <b>-</b>          |
| <b>Net Off-Balance Position</b>   | <b>-</b>        | <b>35</b>        | <b>-</b>       | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>                     | <b>35</b>         |
| Derivative Financial Assets   | -               | 26.748           | -              | -                | -                 | -                  | -                            | 26.748            |
| Derivative Financial Liabilities  | -               | 26.713           | -              | -                | -                 | -                  | -                            | 26.713            |
| <b>Non-Cash Loans</b>   | <b>54.773</b>   | <b>-</b>         | <b>-</b>       | <b>137.419</b>   | <b>53</b>         | <b>538.411</b>     | <b>-</b>                     | <b>730.656</b>    |

<sup>(1)</sup> Assets, such as fixed assets, associates, subsidiaries, property value, prepaid expenses and net non performing receivables, other asset accounts that would not be converted to cash in a short time period and needed to used in the banking activities; Liabilities and equity accounts, such as the accounts with no maturities and provisions, are shown in the undistributed column. Deferred tax asset is included in the undistributed column.

<sup>(2)</sup> Lease receivables (TL 38) are represented in other assets.

<sup>(3)</sup> The expected credit losses for financial assets and other assets are reflected in the related items.



**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**VI. Explanation of consolidated leverage ratio:**

In the current period, the rate of increase in Tier 1 capital was higher than the rate of increase in total risk amount. As of March 31, 2021, the Bank's leverage ratio calculated from the average of three months is 16,46% (31 December 2020: 15,29%). The reason why the leverage ratio of the current period is higher than the leverage ratio of the previous period is that the amount of Tier 1 capital has increased at a higher rate than the total risk amount related to on-balance sheet assets.

Summary comparison table of total asset amount and total risk amount in consolidated financial statements prepared in accordance with TAS:

|  | <b>Current Period<sup>(1)</sup></b> | <b>Prior Period<sup>(1)</sup></b> |
|--|-------------------------------------|-----------------------------------|
|  | <b>(31.03.2021)</b>                 | <b>(31.12.2020)</b>               |
| <b>1</b> The total amount of assets included in the consolidated financial statements issued in accordance with TAS  | 28.934.296                          | 27.225.257                        |
| <b>2</b> The amount of assets included in the consolidated financial statements prepared in accordance with TAS and the consolidated financial statements regulated within the scope of the Communiqué on Preparation of Consolidated Financial Statements the difference between the amount of assets in the tables | 235.296                             | 221.398                           |
| <b>3</b> The difference between the amounts of derivative financial instruments and credit derivatives in the consolidated financial statements issued within the scope of the Communiqué on Preparation of Consolidated Financial Statements of Banks and their risk exposures.                                     | 241.029                             | 122.118                           |
| <b>4</b> Securities or commodity financing transactions in the Consolidated Financial Statements of Banks<br>The difference between the amounts in the consolidated financial statements issued within the scope of the Communiqué Issuing and the risk amounts  | (209.492)                           | (105.017)                         |
| <b>5</b> Communiqué on Preparation of Consolidated Financial Statements of Off-Balance Sheet Transactions<br>The difference between the amounts in the consolidated financial statements and the risk exposures within the scope of  | (7.303.614)                         | (6.906.300)                       |
| <b>6</b> Regulated within the scope of the Communiqué on Preparation of Consolidated Financial Statements of Banks<br>Other differences between the amount in the consolidated financial statements and the amount of risk   | 23.312.108                          | 21.645.966                        |
| <b>7</b> Total risk amount   | 30.647.259                          | 28.779.401                        |

<sup>(1)</sup> The amounts in the table show the averages of the last 3 months of the relevant period.

| <b>On-balance sheet assets (*)</b>  | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| <b>(31.03.2021)</b>   | <b>(31.12.2020)</b>   |                     |
| Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals) | 28.834.829            | 27.093.675          |
| (Assets deducted in determining Tier 1 capital)   | -                     | -                   |
| Total balance sheet exposures   | 28.834.829            | 27.093.675          |
| <b>Derivative financial instruments and loan derivatives</b>  |                       |                     |
| Replacement cost of derivative financial instruments and loan derivatives                                       | -                     | -                   |
| Potential loan risk of derivative financial instruments and loan derivatives                                    | 241.029               | 122.118             |
| Total derivative financial instruments and loan derivatives exposure  | 241.029               | 122.118             |
| <b>Securities financing transaction exposure</b>  |                       |                     |
| Risks from securities financing transaction exposure assets   | 148                   | 84                  |
| Risks from brokerage activities related exposures   | -                     | -                   |
| Total risks related with securities or commodity financing transactions   | 148                   | 84                  |
| <b>Off-balance sheet items</b>  |                       |                     |
| Gross notional amounts of off-balance sheet items   | 8.874.867             | 8.469.824           |
| (Adjustments for conversion to credit equivalent amounts)   | (7.303.614)           | (6.906.300)         |
| Total risks of off-balance sheet items  | 1.571.253             | 1.563.524           |
| <b>Capital and total risks</b>  |                       |                     |
| Tier 1 capital  | 5.045.470             | 4.407.069           |
| Total risks   | 30.647.259            | 28.779.401          |
| <b>Leverage ratio</b>   |                       |                     |
| Leverage ratio  | <b>16,46</b>          | <b>15,29</b>        |

<sup>(\*)</sup> Calculated by taking the average of the last three months financial statements.

**SECTION FOUR (Continued)**

**CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**VII. Explanations on consolidated risk management:**

**1. General information on risk management and risk weighted amounts:**

Footnotes and related explanations prepared in accordance with the “Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks” published in the Official Gazette No: 29511 on 23 October 2015 and entered into force as of 31 March 2017 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 March 2021, as the Parent Bank's standard approach was used in the calculation of capital adequacy:

- RWA flow statement under IMM (Internal Model Method)
- RWA flow statements of CCR exposures under Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

**Overview of risk weighted amounts:**

|    |   | Risk Weighted Amount           |                              | Minimum Capital Requirement    |
|----|---|--------------------------------|------------------------------|--------------------------------|
|    |   | Current Period<br>(31.03.2021) | Prior Period<br>(31.12.2020) | Current Period<br>(31.03.2021) |
| 1  | Credit risk (excluding counterparty credit risk) (CCR)                                | 26.861.501                     | 24.299.262                   | 2.148.920                      |
| 2  | Of which standardized approach (SA)   | 26.861.501                     | 24.299.262                   | 2.148.920                      |
| 3  | Of which internal rating-based (IRB) approach   | -                              | -                            | -                              |
| 4  | Counterparty credit risk  | 244.421                        | 10.520                       | 19.554                         |
| 5  | Of which standardized approach for counterparty credit risk (SA-CCR)                  | 244.421                        | 10.520                       | 19.554                         |
| 6  | Of which internal model method (IMM)  | -                              | -                            | -                              |
| 7  | Equity position in banking book under basic risk weighting or internal rating-based   | -                              | -                            | -                              |
| 8  | Equity investments in funds – look-through approach                                   | -                              | -                            | -                              |
| 9  | Equity investments in funds – mandate-based approach                                  | -                              | -                            | -                              |
| 10 | Equity investments in funds – 1250% risk weighting approach                           | -                              | -                            | -                              |
| 11 | Settlement risk   | -                              | -                            | -                              |
| 12 | Securitization exposures in banking book  | -                              | -                            | -                              |
| 13 | Of which IRB ratings-based approach (RBA)   | -                              | -                            | -                              |
| 14 | Of which IRB supervisory formula approach (SFA)                                       | -                              | -                            | -                              |
| 15 | Standard Of which SA/simplified supervisory formula approach (SSFA)                   | -                              | -                            | -                              |
| 16 | Market Risk   | 47.338                         | 26.800                       | 3.787                          |
| 17 | Of which standardized approach (SA)   | 47.338                         | 26.800                       | 3.787                          |
| 18 | Of which internal model approaches (IMM)  | -                              | -                            | -                              |
| 19 | Operational Risk  | 1.253.797                      | 952.909                      | 100.304                        |
| 20 | Of which basic indicator approach   | 1.253.797                      | 952.909                      | 100.304                        |
| 21 | Of which standardized approach  | -                              | -                            | -                              |
| 22 | Of which advanced measurement approach  | -                              | -                            | -                              |
| 23 | Amounts below the thresholds for deduction from capital (subject to 250% risk weight) | -                              | -                            | -                              |
| 24 | Floor adjustments   | -                              | -                            | -                              |
| 25 | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>28.407.057</b>              | <b>25.289.491</b>            | <b>2.272.565</b>               |

## SECTION FIVE

### EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### I. Explanations and notes related to consolidated assets:

##### 1. Information on financial assets:

##### 1.1. Information on cash and cash equivalents:

##### 1.1.1. 1.1.1. Information on cash and balances with the Central Bank of the Republic of Turkey:

|  | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.12.2020) |          |
|--|--------------------------------|----------|------------------------------|----------|
|  | TL                             | FC       | TL                           | FC       |
| Cash and foreign currency              | 23                             | -        | 10                           | -        |
| Central Bank of the Republic of Turkey | 1.441                          | -        | 1.116                        | -        |
| Other                                  | -                              | -        | -                            | -        |
| <b>Total</b>                           | <b>1.464</b>                   | <b>-</b> | <b>1.126</b>                 | <b>-</b> |

##### 1.1.1.a. Information on required reserve deposits:

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Turkey's Communiqué No: 2005/1 "Reserve Requirements.

##### 1.1.1.b. Information on the account of Central Bank of the Republic of Turkey:

|                             | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.12.2020) |          |
|-----------------------------|--------------------------------|----------|------------------------------|----------|
|                             | TL                             | FC       | TL                           | FC       |
| Unrestricted Demand Deposit | 1.441                          | -        | 1.116                        | -        |
| Unrestricted Time Deposit   | -                              | -        | -                            | -        |
| Restricted Time Deposit     | -                              | -        | -                            | -        |
| <b>Total</b>                | <b>1.441</b>                   | <b>-</b> | <b>1.116</b>                 | <b>-</b> |

##### 1.1.2. Information on banks:

|                                  | Current Period<br>(31.03.2021) |                  | Prior Period<br>(31.12.2020) |                  |
|----------------------------------|--------------------------------|------------------|------------------------------|------------------|
|                                  | TL                             | FC               | TL                           | FC               |
| <b>Banks</b>                     |                                |                  |                              |                  |
| Domestic                         | 1.768.974                      | 1.485.857        | 1.451.253                    | 2.007.772        |
| Foreign                          | -                              | 135.586          | -                            | 104.899          |
| Foreign Head Office and Branches | -                              | -                | -                            | -                |
| <b>Total</b>                     | <b>1.768.974</b>               | <b>1.621.443</b> | <b>1.451.253</b>             | <b>2.112.671</b> |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued)**

**1.1. Information on cash and cash equivalents (Continued):**

**1.1.3. Information on Money market placements:**

|  | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.12.2020) |          |
|--|--------------------------------|----------|------------------------------|----------|
|  | TL                             | FC       | TL                           | FC       |
| Receivables from Money Market              | -                              | -        | -                            | -        |
| Reveivables from Reverse Repo Transactions | 950.494                        | -        | 1.500.739                    | -        |
| <b>Total</b>                               | <b>950.494</b>                 | <b>-</b> | <b>1.500.739</b>             | <b>-</b> |

**1.1.4. Information on expected credit loss provisions for financial assets:**

|                                     | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.12.2020) |          |
|-------------------------------------|--------------------------------|----------|------------------------------|----------|
|                                     | TL                             | FC       | TL                           | FC       |
| Cash and Balances with Central Bank | 1                              | -        | 1                            | -        |
| Banks                               | 7.761                          | -        | 8.238                        | -        |
| Receivables From Money Market       | 599                            | -        | 945                          | -        |
| <b>Total</b>                        | <b>8.361</b>                   | <b>-</b> | <b>9.184</b>                 | <b>-</b> |

**1.2. 1.2. Financial assets at fair value through profit and loss subject to repurchase agreements (Net):**

None.

**1.2.a) Financial assets at fair value through profit and loss given as collateral or blocked (Net):**

None.

**1.3. Information on financial assets measured at fair value through other comprehensive income:**

**1.3.a-1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:**

|  | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.12.2020) |          |
|--|--------------------------------|----------|------------------------------|----------|
|  | TL                             | FC       | TL                           | FC       |
| Share certificates                           | -                              | -        | -                            | -        |
| Bonds, treasury bills and similar securities | 213.930                        | -        | 205.332                      | -        |
| Other  | -                              | -        | -                            | -        |
| <b>Total</b>                                 | <b>213.930</b>                 | <b>-</b> | <b>205.332</b>               | <b>-</b> |

**1.3.a-2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:**

|  | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.12.2020) |          |
|--|--------------------------------|----------|------------------------------|----------|
|  | TL                             | FC       | TL                           | FC       |
| Share certificates                           | -                              | -        | -                            | -        |
| Bonds, treasury bills and similar securities | 131.071                        | -        | 63.299                       | -        |
| Other  | -                              | -        | -                            | -        |
| <b>Total</b>                                 | <b>131.071</b>                 | <b>-</b> | <b>63.299</b>                | <b>-</b> |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued)**

**1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):**

**1.3.a.3) Information on financial assets measured at fair value through other comprehensive income:**

|                              | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|------------------------------|--|--------------------------------------|
| Debt Securities              | 1.461.964                              | 950.554                              |
| Quoted on a stock exchange   | 1.461.964                              | 950.554                              |
| Unquoted                     | -                                      | -                                    |
| Share Certificates           | 17.800                                 | 17.800                               |
| Quoted on a stock Exchange   | -                                      | -                                    |
| Unquoted                     | 17.800                                 | 17.800                               |
| Provision for impairment (-) | (12.713)                               | (2.812)                              |
| <b>Total</b>                 | <b>1.467.051</b>                       | <b>965.542</b>                       |

**1.4. Information on derivative financial assets:**

None.

**2. Explanations on financial assets measured at amortized cost (Net):**

**2.1. Information on loans:**

**2.1.a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:**

|  | <b>Current Period<br/>(31.03.2021)</b> |                 | <b>Prior Period<br/>(31.12.2020)</b> |                 |
|--|--|-----------------|--------------------------------------|-----------------|
|  | <b>Cash</b>                            | <b>Non-Cash</b> | <b>Cash</b>                          | <b>Non-Cash</b> |
| Direct loans granted to shareholders   | -                                      | -               | -                                    | -               |
| Corporate shareholders                 | -                                      | -               | -                                    | -               |
| Real person shareholders               | -                                      | -               | -                                    | -               |
| Indirect loans granted to shareholders | -                                      | -               | -                                    | -               |
| Loans granted to employees             | 136                                    | -               | 385                                  | -               |
| <b>Total</b>                           | <b>136</b>                             | <b>-</b>        | <b>385</b>                           | <b>-</b>        |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued)**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Information on loans (Continued):**

**2.1.b) Information on standard loans and loans under close monitoring (first and second group loans) including restructured loans under close monitoring:**

| Cash Loans<br>Current Period (31.03.2021) | Standard<br>Loans | Loans Under Close Monitoring             |   |           |
|---|-------------------|--|---|-----------|
|   |                   | Loans not<br>subject to<br>restructuring | Restructured Loans                      |           |
|   |                   |  | Loans with<br>revised<br>contract terms | Refinance |
| <b>Non-specialized loans</b>              | <b>20.377.466</b> | <b>1.084.363</b>                         | <b>152.686</b>                          | <b>-</b>  |
| Working Capital loans                     | 828.491           | 13.173                                   | 20.756                                  | -         |
| Export loans                              | 37.966            | -  | -                                       | -         |
| Import loans                              | -                 | -  | -                                       | -         |
| Loans given to financial sector           | 1.733.108         | -  | -                                       | -         |
| Consumer loans                            | 135               | -  | -                                       | -         |
| Credit cards                              | -                 | -  | -                                       | -         |
| Other                                     | 17.777.766        | 1.071.190                                | 131.930                                 | -         |
| <b>Special loans</b>                      | <b>1.023.788</b>  | <b>165.812</b>                           | <b>40.746</b>                           | <b>-</b>  |
| Other receivables                         | -                 | -  | -                                       | -         |
| <b>Total</b>                              | <b>21.401.254</b> | <b>1.250.175</b>                         | <b>193.432</b>                          | <b>-</b>  |

| Cash Loans<br>Prior Period (31.12.2020) | Standard<br>Loans | Loans Under Close Monitoring             |   |           |
|---|-------------------|--|---|-----------|
|   |                   | Loans not<br>subject to<br>restructuring | Restructured Loans                      |           |
|   |                   |  | Loans with<br>revised<br>contract terms | Refinance |
| <b>Non-specialized loans</b>            | <b>17.884.849</b> | <b>981.178</b>                           | <b>129.341</b>                          | <b>-</b>  |
| Working capital loans                   | 679.014           | 7.258                                    | 16.104                                  | -         |
| Export loans                            | 33.714            | -  | -                                       | -         |
| Import loans                            | -                 | -  | -                                       | -         |
| Loans given to financial sector         | 1.456.238         | -  | -                                       | -         |
| Consumer loans                          | 384               | -  | -                                       | -         |
| Credit cards                            | -                 | -  | -                                       | -         |
| Other                                   | 15.715.499        | 973.920                                  | 113.237                                 | -         |
| <b>Special loans</b>                    | <b>1.000.405</b>  | <b>150.766</b>                           | <b>37.673</b>                           | <b>-</b>  |
| Other receivables                       | -                 | -  | -                                       | -         |
| <b>Total</b>                            | <b>18.885.254</b> | <b>1.131.944</b>                         | <b>167.014</b>                          | <b>-</b>  |

|  | Current Period<br>(31.03.2021) |                                     | Prior Period<br>(31.12.2020) |                                     |
|--|--------------------------------|-------------------------------------|------------------------------|-------------------------------------|
| <b>First and Second Stage Expected Loss Reserves</b> | <b>Standard Loans</b>          | <b>Loans Under Close Monitoring</b> | <b>Standard Loans</b>        | <b>Loans Under Close Monitoring</b> |
| 12 Months Expected Credit Losses                     | 138.950                        | -                                   | 132.139                      | -                                   |
| Significant Increase in Credit Risk                  | -                              | 102.643                             | -                            | 61.508                              |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Information on loans (Continued):**

**2.1.c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards::**

| <b>Current Period (31.03.2021)</b>   | <b>Short Term</b> | <b>Medium and Long Term</b> | <b>Total</b> |
|--------------------------------------|-------------------|-----------------------------|--------------|
| Consumer Loans- TL                   | -                 | -                           | -            |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Consumer Loans –Indexed to FC        | -                 | -                           | -            |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Consumer Loans- FC                   | -                 | -                           | -            |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Individual Credit Cards- TL          | -                 | -                           | -            |
| With Installments                    | -                 | -                           | -            |
| Without Installments                 | -                 | -                           | -            |
| Individual Credit Cards- FC          | -                 | -                           | -            |
| With Installments                    | -                 | -                           | -            |
| Without Installments                 | -                 | -                           | -            |
| Personnel Loans - TL                 | -                 | 136                         | 136          |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | 136                         | 136          |
| Other                                | -                 | -                           | -            |
| Personnel Loans-Indexed to FC        | -                 | -                           | -            |
| Real Estate Loans                    | -                 | -                           | -            |
| Vehicle Loans                        | -                 | -                           | -            |
| Consumer Loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Personnel Loans- FC                  | -                 | -                           | -            |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Personnel Credit Cards- TL           | -                 | -                           | -            |
| With Installments                    | -                 | -                           | -            |
| Without Installments                 | -                 | -                           | -            |
| Personnel Credit Cards- FC           | -                 | -                           | -            |
| With Installments                    | -                 | -                           | -            |
| Without Installments                 | -                 | -                           | -            |
| Overdraft Accounts-TL (Real Persons) | -                 | -                           | -            |
| Overdraft Accounts-FC (Real Persons) | -                 | -                           | -            |
| <b>Total</b>                         | <b>-</b>          | <b>136</b>                  | <b>136</b>   |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Information on loans (Continued):**

**2.1.c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards (Continued):**

| <b>Prior Period (31.12.2020)</b>     | <b>Short Term</b> | <b>Medium and Long Term</b> | <b>Total</b> |
|--------------------------------------|-------------------|-----------------------------|--------------|
| Consumer Loans- TL                   | -                 | -                           | -            |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Consumer Loans –Indexed to FC        | -                 | -                           | -            |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Consumer Loans- FC                   | -                 | -                           | -            |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Individual Credit Cards- TL          | -                 | -                           | -            |
| With Installments                    | -                 | -                           | -            |
| Without Installments                 | -                 | -                           | -            |
| Individual Credit Cards- FC          | -                 | -                           | -            |
| With Installments                    | -                 | -                           | -            |
| Without Installments                 | -                 | -                           | -            |
| Personnel Loans - TL                 | -                 | 385                         | 385          |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | 385                         | 385          |
| Other                                | -                 | -                           | -            |
| Personnel Loans-Indexed to FC        | -                 | -                           | -            |
| Real Estate Loans                    | -                 | -                           | -            |
| Vehicle Loans                        | -                 | -                           | -            |
| Consumer Loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Personnel Loans- FC                  | -                 | -                           | -            |
| Real estate loans                    | -                 | -                           | -            |
| Vehicle loans                        | -                 | -                           | -            |
| Consumer loans                       | -                 | -                           | -            |
| Other                                | -                 | -                           | -            |
| Personnel Credit Cards- TL           | -                 | -                           | -            |
| With Installments                    | -                 | -                           | -            |
| Without Installments                 | -                 | -                           | -            |
| Personnel Credit Cards- FC           | -                 | -                           | -            |
| With Installments                    | -                 | -                           | -            |
| Without Installments                 | -                 | -                           | -            |
| Overdraft Accounts-TL (Real Persons) | -                 | -                           | -            |
| Overdraft Accounts-FC (Real Persons) | -                 | -                           | -            |
| <b>Total</b>                         | <b>-</b>          | <b>385</b>                  | <b>385</b>   |



**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Informations on loans (Continued):**

**2.1.ç) Information on commercial loans with installments and corporate credit cards:**

The Bank has not granted any commercial loans with installments and corporate credit cards as of balance sheet date.

**2.1.d) Domestic and international loans:**

|                     | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|---------------------|--|--------------------------------------|
| Domestic loans      | 22.844.861                             | 20.184.212                           |
| International loans | -                                      | -                                    |
| <b>Total</b>        | <b>22.844.861</b>                      | <b>20.184.212</b>                    |

**2.1.e) Loans granted to subsidiaries and associates:**

TL 1.785 of loan disbursed to Arıcak A.Ş., a subsidiary of the Parent Bank, has been followed at Group V.  
TL 1.785 default (Stage III) provision has been provided for this loan.

**2.1.f) Default (third stage) provisions:**

|  | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|--|--|--------------------------------------|
| Loans and other receivables with limited collectability  | 75.741                                 | 62.005                               |
| Loans and other receivables with doubtful collectability | -                                      | -                                    |
| Uncollectible loans and receivables                      | 87.999                                 | 88.373                               |
| <b>Total</b>   | <b>163.740</b>                         | <b>150.378</b>                       |

**2.1.g) Information on non-performing loans (Net):**

**2.1.g.1) Information on loans and other receivables restructured or rescheduled from non-performing loans:**

|  | <b>III. Group<br/>Loans With<br/>Limited<br/>Collectability</b> | <b>IV. Group<br/>Loans With<br/>Doubtful<br/>Collectability</b> | <b>V. Group<br/>Uncollectible<br/>Loans</b> |
|--|---|---|---|
| <b>Current Period (31.03.2021)</b>       |   |   |   |
| Gross amounts before specific provisions | 125.870   | -   | 90.207                                      |
| Restructured loans                       | -   | -   | -   |
| <b>Prior Period (31.12.2020)</b>         |   |   |   |
| Gross amounts before specific provisions | 127.479   | -   | 91.032                                      |
| Restructured loans                       | -   | -   | -   |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued)::**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Informations on loans (Continued):**

**2.1.g.2) Information on the movement of non-performing receivables:**

|  | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>                                  |
|--|--|---|--|
|  | <b>Loans and Other Receivables With Limited Collectability</b> | <b>Loans and Other Receivables With Doubtful Collectability</b> | <b>Uncollectible Loans and Other Receivables</b> |
| <b>Prior period end balance (31.12.2020)</b>               | <b>127.479</b>   | <b>-</b>  | <b>91.032</b>                                    |
| Additions (+)  | -  | -   | 180  |
| Transfer from other categories of non-performing loans (+) | -  | -   | -  |
| Transfer to other categories of non-performing loans (-)   | -  | -   | -  |
| Collections (-)  | (1.609)  | -   | (1.005)  |
| Write-offs (-)   | -  | -   | -  |
| Sold (-)   | -  | -   | -  |
| Corporate and commercial loans                             | -  | -   | -  |
| Consumer loans   | -  | -   | -  |
| Credit cards   | -  | -   | -  |
| Other  | -  | -   | -  |
| <b>Current period end balance (31.03.2020)</b>             | <b>125.870</b>   | <b>-</b>  | <b>90.207</b>                                    |
| Specific provisions (-)                                    | (75.741)   | -   | (87.999)   |
| <b>Net balance on balance sheet</b>                        | <b>50.129</b>  | <b>-</b>  | <b>2.208</b>                                     |

**2.1.g.3) Information on Accruals of Interest, Rediscount and Valuation Effect and Their Provisions Calculated for Under Follow-up Loans Banks which Provide Expected Credit Loss According to TFRS 9:**

|   | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>                                  |
|---|--|---|--|
|   | <b>Loans and Other Receivables With Limited Collectability</b> | <b>Loans and Other Receivables With Doubtful Collectability</b> | <b>Uncollectible Loans and Other Receivables</b> |
| <b>Current Period (31.03.2021)</b>                          |  |   |  |
| Interest Accruals and Rediscount with Valuation Differences | 3.106  | -   | 125  |
| Provision amount (-)  | (3.106)  | -   | (125)  |
| <b>Net Balance</b>  | <b>-</b>   | <b>-</b>  | <b>-</b>   |
| <b>Prior Period (31.12.2020)</b>                            |  |   |  |
| Interest Accruals and Rediscount with Valuation Differences | 1.142  | -   | 774  |
| Provision amount (-)  | (1.142)  | -   | (774)  |
| <b>Net Balance</b>  | <b>-</b>   | <b>-</b>  | <b>-</b>   |

**2.1.g.4) Information on foreign currency non-performing loans:**

As set out in the third part of the Communiqué on the Parent Bank's Uniform Chart of Accounts and Prospectus, the context of definitions of Doubtful Receivables, Uncollectible Fees, Commissions and Other Receivables and Non-Performing Loans and Other Receivables, foreign currency loans which become non-performing loans are transferred to and monitored in terms of Turkish Lira.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Informations on loans (Continued):**

**2.1.g.5) Information regarding gross and net amounts of non-performing loans with respect to user groups:**

|  | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>                                  |
|--|--|---|--|
|  | <b>Loans and Other Receivables With Limited Collectability</b> | <b>Loans and Other Receivables With Doubtful Collectability</b> | <b>Uncollectible Loans and Other Receivables</b> |
| <b>Current Period (Net) (31.03.2021)</b>         | <b>50.129</b>  | <b>-</b>  | <b>2.208</b>                                     |
| Loans to Real Persons and Legal Entities (Gross) | 125.870  | -   | 90.207   |
| Specific provisions (-)                          | (75.741)   | -   | (87.999)   |
| Loans to Real Persons and Legal Entities (Net)   | 50.129   | -   | 2.208  |
| Banks (Gross)                                    | -  | -   | -  |
| Specific provisions (-)                          | -  | -   | -  |
| Banks (Net)                                      | -  | -   | -  |
| Other Loans and Receivables (Gross)              | -  | -   | -  |
| Specific provisions (-)                          | -  | -   | -  |
| Other Loans and Receivables (Net)                | -  | -   | -  |
| <b>Prior Period (Net) (31.12.2020)</b>           | <b>65.474</b>  | <b>-</b>  | <b>2.659</b>                                     |
| Loans to Real Persons and Legal Entities (Gross) | 127.479  | -   | 91.032   |
| Specific provisions (-)                          | (62.005)   | -   | (88.373)   |
| Loans to Real Persons and Legal Entities (Net)   | 65.474   | -   | 2.659  |
| Banks (Gross)                                    | -  | -   | -  |
| Specific provisions (-)                          | -  | -   | -  |
| Banks (Net)                                      | -  | -   | -  |
| Other Loans and Receivables (Gross)              | -  | -   | -  |
| Specific provisions (-)                          | -  | -   | -  |
| Other Loans and Receivables (Net)                | -  | -   | -  |

**2.1.ğ) Main principles of liquidating non-performing loans and other receivables:**

If there are collateral elements in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them, these elements are converted into money as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is provided.

In the case collaterals are not present; the Bank is engaged in substantive intelligence in various periods to determine whether any property holdings are subsequently acquired in order to apply for legal procedures, even if there is evidence of insolvency for the debtor.

Before and after liquidation process; the Parent Bank reviews financial information of the debtor companies. Then, in the case it is agreed that the companies show indications of operating on an ongoing basis and probably are going to have contributions to the economy; the Bank tries to make collections through rescheduling the payment terms

**2.1.h) Explanations on write-off policy:**

Within the scope of the "Regulation Amending the Regulation on the Classification of Loans and the Provisions to be Set Aside", which entered into force after being published in the Official Gazette dated 27 November 2019 and numbered 30961, the portion of "Fifth Group-Loans in the Type of Loss" with life-time loss provision for which there is no reasonable expectation of recovery can be deducted from records within the scope of TFRS 9 as of the first reporting period following their classification in this group. As of March 31, 2021, the Bank does not have any credits deducted from the records.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued):**

**2. Explanations on financial assets measured at amortized cost (Continued):**

**2.2.a) Information on government securities financial assets measured at amortised cost subject to repurchase agreements:**

None.

**2.2.b) Information on given as collateral or blocked financial assets measured at amortised cost subject to repurchase agreements:**

|                                  | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|----------------------------------|--|--------------------------------------|
| Government Bonds                 | 10.519                                 | 10.184                               |
| Treasury Bills                   | -                                      | -                                    |
| Other Government Debt Securities | -                                      | -                                    |
| <b>Total</b>                     | <b>10.519</b>                          | <b>10.184</b>                        |

**2.2.c) Information on government securities financial assets measured at amortised cost:**

|                                  | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|----------------------------------|--|--------------------------------------|
| Government Bonds                 | 1.849.339                              | 1.717.342                            |
| Treasury Bills                   | -                                      | -                                    |
| Other Government Debt Securities | -                                      | -                                    |
| <b>Total</b>                     | <b>1.849.339</b>                       | <b>1.717.342</b>                     |

**2.2.d) Information on financial assets measured at amortised cost:**

|                              | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|------------------------------|--|--------------------------------------|
| Debt Securities              | 1.849.339                              | 1.717.342                            |
| Quoted on a stock exchange   | 1.849.339                              | 1.717.342                            |
| Unquoted                     | -                                      | -                                    |
| Provision for impairment (-) | -                                      | -                                    |
| <b>Total</b>                 | <b>1.849.339</b>                       | <b>1.717.342</b>                     |

**2.2.e) Movement of financial assets measured at amortised cost:**

|   | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|---|--|--------------------------------------|
| Balance at the beginning of the period          | 1.717.342                              | 1.066.213                            |
| Foreign currency differences on monetary assets | 100.986                                | 391.586                              |
| Purchases during the year                       | 33.099                                 | 286.145                              |
| Disposals through sales and redemptions (*)     | (2.088)                                | (26.602)                             |
| Provision for impairment (-)                    | -                                      | -                                    |
| <b>Balance at the end of the period</b>         | <b>1.849.339</b>                       | <b>1.717.342</b>                     |

(\*)TL 33.099 arises from the rediscount increase in purchases.

(\*\*)Disposals through sales and redemptions 1.669 redemptions, 419 after coupon redemption rediscount and accrued interest reduction amounts.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued):**

**3. Assets held for sale and discontinued operations (Net):**

None.

**4. Information on Investments in associates:**

**4.1. Information on associates:**

**4.1.a. If there are subsidiaries that are not consolidated in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the relevant Turkish Accounting Standard, the reasons for not consolidation:**

Subsidiaries that are not included in the scope of consolidation because they are not financial affiliates are valued according to the cost method.

**4.1.b. General information on unconsolidated subsidiaries:**

|   | Description                 | Address (City/<br>Country) | The Bank's share<br>percentage-if different<br>voting percentage (%) | The Bank's risk group<br>share percentage (%) |
|---|-----------------------------|----------------------------|--|---|
| 1 | Maksan A.Ş.                 | Malatya                    | 20   | 31,14   |
| 2 | Türk Suudi Holding A.Ş. (*) | İstanbul                   | 10   | 24,69   |

(\*) Türk Suudi Holding A.Ş. is the process of liquidation.

**4.1.c. Financial statement information of unconsolidated associates order above:**

| (*) | Total Assets | Shareholder<br>s' Equity | Total Fixed<br>Asset | Interest<br>Income | Income<br>From<br>Marketable<br>Securities | Current<br>Period<br>Profit/<br>Loss | Prior<br>Period<br>Profit/<br>Loss | Fair<br>Value |
|-----|--------------|--------------------------|----------------------|--------------------|--|--------------------------------------|------------------------------------|---------------|
| 1   | 49.052       | 34.029                   | 5.410                | -                  | -  | 11.119                               | 4.195                              | -             |
| 2   | 48.180       | 46.076                   | 1                    | 1.420              | -  | 7.450                                | 4.843                              | -             |

(\*) The information of Maksan A.Ş. and Türk Suudi Holding A.Ş. are provided from the unaudited financial statements as of 31 December 2020. Prior period information of Maksan A.Ş. and Türk Suudi Holding A.Ş. are provided from the unaudited financial statements as of 31 December 2019.

**4.1.ç. Movement of unconsolidated associates:**

|  | Current Period<br>(31.03.2021) | Prior Period<br>(31.12.2020) |
|--|--------------------------------|------------------------------|
| <b>Balance at the beginning of the period</b>            | <b>18.693</b>                  | <b>15.960</b>                |
| <b>Movements during the period</b>                       | <b>-</b>                       | <b>2.733</b>                 |
| Additions  | -                              | -                            |
| Bonus shares certificates                                | -                              | -                            |
| Shares in current year profit                            | -                              | -                            |
| Disposals  | -                              | -                            |
| TFRS 9 Classification Change                             | -                              | -                            |
| Revaluation increase                                     | -                              | -                            |
| Provision for impairment (-) / Cancellation of provision | -                              | 2.733                        |
| <b>Balance at the end of the period</b>                  | <b>18.693</b>                  | <b>18.693</b>                |
| Capital commitments                                      | -                              | -                            |
| Share percentage at the end of the period (%)            | -                              | -                            |

**4.1.d. Sectoral information about unconsolidated associates and their carrying amounts:**

None.

**4.1.e. Associates quoted in the stock exchange:**

None.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued):**

**4. Information on Investments in associates (Continued):**

**4.2. Information on investments in subsidiaries (Net)**

The Parent Bank does not have any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

**4.2.a. Information on subsidiaries**

By the application of the company's Board of Directors and approval of the Capital Markets Board (CMB), Kalkınma Yatırım Menkul Değerler A.Ş.'s activities have been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been cancelled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements.

The Parent Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL (full) 50.000, and in Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL (full) 1.800.000.

**4.2.a.1. General information on unconsolidated subsidiaries**

None.

**4.2.a.2. General information on consolidated subsidiaries**

|   | Title  | Address (City / Country) | Bank's Share Percentage - If Different, Voting Rate (%) | Bank's Risk Group Share Rate (%) |
|---|--|--------------------------|---|----------------------------------|
| 1 | Kalkınma Yatırım Varlık Kiralama A.Ş.            | İstanbul                 | 100   | 100                              |
| 2 | Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. | İstanbul                 | 100   | 100                              |

**4.2.a.3. Financial statement information regarding subsidiaries in the order above:**

| (*) | Total Assets | Equity | Fixed Asset Total | Interest income | Securities Income | Current Period Profit / Loss | Previous Period Profit / Loss | Fair Value |
|-----|--------------|--------|-------------------|-----------------|-------------------|------------------------------|-------------------------------|------------|
| 1   | 84           | 50     | -                 | -               | -                 | -                            | -                             | -          |
| 2   | 2.664        | 1.537  | 642               | 53              | -                 | (693)                        | (270)                         | -          |

(\*) Financial data, Varlık Kiralama A.Ş. From its unaudited financial statements dated 30 March 2021, Portföy Yönetim A.Ş. obtained from audited financial statements as of 31 December 2020.

**4.2.b. Movement of consolidated subsidiaries:**

|  | Current Period (31.03.2021) | Prior Period (31.12.2020) |
|--|-----------------------------|---------------------------|
| <b>Balance at the beginning of the period</b>            | <b>1.850</b>                | <b>-</b>                  |
| <b>Movements during the period</b>                       | <b>(263)</b>                | <b>1.850</b>              |
| Additions  | 700                         | 1.850                     |
| Bonus shares certificates                                | -                           | -                         |
| Shares in current year profit                            | -                           | -                         |
| Disposals  | -                           | -                         |
| TFRS 9 Classification Change                             | -                           | -                         |
| Revaluation increase                                     | (963)                       | -                         |
| Provision for impairment (-) / Cancellation of provision | <b>1.587</b>                | <b>1.850</b>              |
| <b>Balance at the end of the period</b>                  | <b>-</b>                    | <b>-</b>                  |
| Capital commitments                                      | -                           | -                         |
| Ending Capital Share (%)                                 | 100                         | 100                       |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued):**

**4.2. Information on investments in subsidiaries (Net) (Continued):**

**4.2.c. Sectoral information about consolidated subsidiaries and their carrying amounts:**

|                            | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|----------------------------|--|--------------------------------------|
| Banks                      | -                                      | -                                    |
| Insurance companies        | -                                      | -                                    |
| Factoring companies        | -                                      | -                                    |
| Leasing companies          | -                                      | -                                    |
| Financing companies        | -                                      | -                                    |
| Other financial associates | 1.587                                  | 1.850                                |

**4.2.ç. Subsidiaries quoted on the stock exchange:**

None.

**4.3. Information on jointly controlled entities (joint ventures):**

None.

**5. Information on receivables from leasing transactions (Net):**

The amount of receivables of the Parent Bank arising from leasing transactions is 38 TL (31 December 2020: 30 TL).

**6. Positive differences table for hedging derivative financial instruments:**

None.

**7. Information on tangible fixed assets:**

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

**8. Information on intangible assets:**

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

**9. Information on investment properties:**

None .

**10. Information on tax assets:**

None

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to consolidated assets (Continued):**

**11. Information on deferred tax assets:**

As of 31 March 2021, the Group has a deferred tax asset of TL 31.857. (31 December 2020: 18.054-TL). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Bank's records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 March 2021, the Bank has no tax assets calculated over the period loss or tax deduction. (31 December 2020: None).

|  | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|--|--|--------------------------------------|
| <b>Deferred Tax Assets</b>                                   |  |                                      |
| From Depreciations   | 166                                    | 169                                  |
| From Severance Payments                                      | 2.453                                  | 2.088                                |
| Securities Portfolio Internal Yield-Exchange Rate Difference | 1.281                                  | 3.058                                |
| Actuarial  | 82                                     | 82                                   |
| Other Non-Financial Treasury Bills and Government Bonds      | 2.024                                  | -                                    |
| Personnel Bonus Premium Provision                            | 4.474                                  | 5.955                                |
| TFRS 9 Provision   | 21.574                                 | 12.434                               |
| Other  | 1.327                                  | 416                                  |
| <b>Total Deferred Tax Assets</b>                             | <b>33.381</b>                          | <b>24.202</b>                        |
| <b>Deferred Tax Liabilities</b>                              |  |                                      |
| From Interest Rediscounts                                    | 1.210                                  | 1.109                                |
| Financial Institutions Bills in Securities Portfolio         | 175                                    | 357                                  |
| Other Non-Financial Treasury Bills and Government Bonds      | -                                      | 4.499                                |
| TFRS 16 Leasings   | 139                                    | 174                                  |
| Other  | -                                      | 9                                    |
| <b>Total Deferred Tax Liabilities</b>                        | <b>1.524</b>                           | <b>6.148</b>                         |
| <b>Net Deferred Tax Assets / (Liabilities)</b>               | <b>31.857</b>                          | <b>18.054</b>                        |

**12. Information on other assets:**

|                          | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|--------------------------|--|--------------------------------------|
| Inventory                | 182                                    | 165                                  |
| Prepaid expenses         | 65.332                                 | 53.070                               |
| Temporary account debtor | 967                                    | 753                                  |
| Sundry receivables       | 2.957                                  | 220                                  |
| <b>Total</b>             | <b>69.438</b>                          | <b>54.208</b>                        |



**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to consolidated liabilities:**

**1. Information on maturity structure of deposits:**

The Parent Bank is not accepting deposits and funds.

**2. Information on funds borrowed:**

**2.a) Information on banks and other financial institutions:**

|  | Current Period<br>(31.03.2021) |                   | Prior Period<br>(31.12.2020) |                   |
|--|--------------------------------|-------------------|------------------------------|-------------------|
|  | TL                             | FC                | TL                           | FC                |
| Loans from Central Bank of Turkey          | 1.052.105                      | -                 | 782.206                      | -                 |
| From domestic banks and institutions       | -                              | 2.167.294         | -                            | 2.011.161         |
| From foreign banks, institutions and funds | -                              | 20.508.096        | -                            | 18.969.372        |
| <b>Total</b>                               | <b>1.052.105</b>               | <b>22.675.390</b> | <b>782.206</b>               | <b>20.980.533</b> |

(\*) The bills amounting to TL 1,661,475 received from the credit customers to which the rediscount credits obtained from the Central Bank of the Republic of Turkey were used were endorsed to the Central Bank of the Republic of Turkey..

**2.b) Maturity structure of funds borrowed:**

|                      | Current Period<br>(31.03.2021) |                   | Prior Period<br>(31.12.2020) |                   |
|----------------------|--------------------------------|-------------------|------------------------------|-------------------|
|                      | TL                             | FC                | TL                           | FC                |
| Short-term           | -                              | -                 | -                            | 94.126            |
| Medium and long-term | 1.052.105                      | 22.675.390        | 782.206                      | 20.886.407        |
| <b>Total</b>         | <b>1.052.105</b>               | <b>22.675.390</b> | <b>782.206</b>               | <b>20.980.533</b> |

**2.c) Additional information for the areas of liability concentrations:**

As the Parent Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, European Commission Development Bank, Islamic Development Bank, The Black Sea Trade and Development Bank, Industrial and Commercial Bank of China, German Development Bank, Asian Infrastructure Investment Bank and Japan International Corporation Bank. Domestic loans are from the Republic of Turkey Ministry of Treasury and Export Credit Bank of Turkey origin.

**3. Information on funds provided under repurchase agreements:**

|  | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.12.2020) |          |
|--|--------------------------------|----------|------------------------------|----------|
|  | TL                             | FC       | TL                           | FC       |
| Funds Provided under Repurchase Agreements | 212.834                        | -        | 203.850                      | -        |
| <b>Total</b>                               | <b>212.834</b>                 | <b>-</b> | <b>203.850</b>               | <b>-</b> |

**4. Information on issued securities (Net):**

None.

**5. Explanations on funds:**

Of the TL 467.035 which was provided by the Parent Bank (31 December 2020: TL 245.216), TL 1.538 is from the World Bank, TL 374 is from the European Investment Bank, TL 19.242 is from the Treasury and Ministry of Finance and TL 445.881 consists of funds from borrowers and banks.

**6. Explanations on financial liabilities at fair value through profit and loss:**

None.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to consolidated liabilities (Continued):**

**7. Information on derivative financial liabilities**

|                      | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.12.2020) |          |
|----------------------|--------------------------------|----------|------------------------------|----------|
|                      | TL                             | FC       | TL                           | FC       |
| Forward Transactions | -                              | -        | 47                           | -        |
| Swap Transactions    | 2.601                          | -        | -                            | -        |
| Futures Transactions | -                              | -        | -                            | -        |
| Options              | -                              | -        | -                            | -        |
| Other                | -                              | -        | -                            | -        |
| <b>Total</b>         | <b>2.601</b>                   | <b>-</b> | <b>47</b>                    | <b>-</b> |

**8. Information on factoring liabilities**

None.

**9. Explanations on financial lease payables (Net):**

|                   | Current Period<br>(31.03.2021) |               | Prior Period<br>(31.12.2020) |               |
|-------------------|--------------------------------|---------------|------------------------------|---------------|
|                   | Gross                          | Net           | Gross                        | Net           |
| Less than 1 Year  | 7.055                          | 4.916         | 6.573                        | 4.219         |
| 1-4 Years         | 10.377                         | 9.144         | 11.412                       | 9.356         |
| More Than 4 Years | -                              | -             | -                            | -             |
| <b>Tota</b>       | <b>17.432</b>                  | <b>14.060</b> | <b>17.985</b>                | <b>13.575</b> |

**10. Explanations on Provisions:**

**10.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:**

None (31 December 2020: None).

**10.b) Specific provisions provided for unindemnified non-cash loans:**

As of 31 March 2021, the first stage expected loss provision is TL 9.499 (31 December 2020: 11.047) and the third stage expected loss provision is 1 TL (31 December 2020: 1 TL) for non-indemnified non-cash loans.

**10.c) Other provisions:**

- As of 31 March 2020, there are 205 lawsuits filed against the Parent Bank and there is a risk amount of TL 6.386. The Bank allocated TL 1.176 lawsuit provision for the lawsuits that are thought to be or are considered to be concluded against.
- The Group accounts provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes in financial statements. As of 31 March 2021, the Bank allocated provision for employee benefits amounting to TL 6.462 (31 December 2020: TL 6.371), for unused vacation accruals amounting to TL 4.605 (31 December 2020: TL 2.903) and for additional provision within the scope of TAS 19 amounting to TL 23.822 (31 December 2020: TL 29.774).

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to liabilities (Continued)**

**11.a) Information on current tax consolidated liability:**

**11.a.1) Information on tax provision:**

|   | <b>Current Period<br/>(31.03.2021)</b> |           | <b>Prior Period<br/>(31.12.2020)</b> |           |
|---|--|-----------|--------------------------------------|-----------|
|   | <b>TL</b>                              | <b>FC</b> | <b>TL</b>                            | <b>FC</b> |
| <b>Corporation tax and deferred tax</b> |  |           |                                      |           |
| Corporate tax payable                   | 39.409                                 | -         | 38.708                               | -         |
| Deferred tax payable                    | -                                      | -         | -                                    | -         |
| <b>Total</b>                            | <b>39.409</b>                          | <b>-</b>  | <b>38.708</b>                        | <b>-</b>  |

**11.a.2) Information on taxes payable:**

|   | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|---|--|--------------------------------------|
| Corporate tax payable                       | 39.409                                 | 38.708                               |
| Income Tax Withheld From Wages              | 818                                    | 1.560                                |
| Taxation on income on marketable securities | 71                                     | 141                                  |
| Property tax                                | -                                      | 2                                    |
| Banking insurance transaction tax (BITT)    | 578                                    | 1.712                                |
| Foreign exchange transaction tax            | 12                                     | 115                                  |
| Value added tax payable                     | 152                                    | 175                                  |
| Stamp tax                                   | 40                                     | 66                                   |
| Other                                       | 83                                     | 33                                   |
| <b>Total</b>                                | <b>41.163</b>                          | <b>42.512</b>                        |

**11.a.3) Information on premiums:**

|   | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|---|--|--------------------------------------|
| Social security premiums- Employee                    | 1.272                                  | 1.009                                |
| Social security premiums- Employer                    | 1.977                                  | 1.539                                |
| Bank social aid pension fund premium- Employee        | -                                      | -                                    |
| Bank social aid pension fund premium- Employer        | -                                      | -                                    |
| Pension fund membership fees and provisions- Employee | 26                                     | -                                    |
| Pension fund membership fees and provisions- Employer | 32                                     | -                                    |
| Unemployment insurance- Employee                      | 91                                     | 72                                   |
| Unemployment insurance- Employer                      | 191                                    | 149                                  |
| Other   | 19                                     | -                                    |
| <b>Total</b>  | <b>3.608</b>                           | <b>2.769</b>                         |

**12. Information on deferred tax liabilities:**

None.

**13. Information on liabilities regarding assets held for sale and discontinued operations:**

None

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to consolidated liabilities (Continued):**

**14. Information on subordinated loans:**

|   | Current Period<br>(31.03.2021) |                  | Prior Period<br>(31.12.2020) |                  |
|---|--------------------------------|------------------|------------------------------|------------------|
|   | TL                             | FC               | TL                           | FC               |
| Debt instruments to be included in additional capital calculation   | -                              | 1.598.978        | -                            | 1.480.186        |
| Subordinated Loans  | -                              | 1.598.978        | -                            | 1.480.186        |
| Subordinated Debt Instruments                                       | -                              | -                | -                            | -                |
| Debt instruments to be included in contribution capital calculation | -                              | 548.091          | -                            | 513.057          |
| Subordinated Loans  | -                              | 548.091          | -                            | 513.057          |
| Subordinated Debt Instruments                                       | -                              | -                | -                            | -                |
| <b>Total</b>  | <b>-</b>                       | <b>2.147.069</b> | <b>-</b>                     | <b>1.993.243</b> |

**15. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:**

Other liabilities do not exceed 10% of the balance sheet total.

**16. Information on consolidated shareholder's equity:**

**16.a) Presentation of paid-in capital:**

|                 | Current Period<br>(31.03.2021) | Prior Period<br>(31.12.2020) |
|-----------------|--------------------------------|------------------------------|
| Common Stock    | 1.600.000                      | 1.600.000                    |
| Preferred Stock | -                              | -                            |

**16.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so amount of registered capital ceiling:**

| Capital System     | Paid-in capital | Ceiling   |
|--------------------|-----------------|-----------|
| Registered capital | 1.600.000       | 2.500.000 |

**16.c) Information on share capital increases and their sources; other information on increased capital shares in current period:**

None.

**16.ç) Information on additions from capital reserves to capital in the current period:**

There is no increase from capital reserves.

**16.d) Capital commitments in the last fiscal year and that continue until the end of the following year-ended, general purpose of these commitments and projected resources required to meet these commitments:**

The Bank has no capital commitments

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to consolidated liabilities (Continued):**

**16.e) Information on legal reserves:**

|                   | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|-------------------|--|--------------------------------------|
| I. Legal Reserve  | 80.133                                 | 55.041                               |
| II. Legal Reserve | 14.471                                 | 14.471                               |
| Special Reserves  | -                                      | -                                    |
| <b>Total</b>      | <b>94.604</b>                          | <b>69.512</b>                        |

**16.f) Information on extraordinary reserves:**

|  | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|--|--|--------------------------------------|
| Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly | 1.615.798                              | 1.183.750                            |
| Retained Earnings  | -                                      | -                                    |
| Accumulated Losses   | -                                      | -                                    |
| Foreign Currency Capital Exchange Difference   | -                                      | -                                    |
| <b>Total</b>   | <b>1.615.798</b>                       | <b>1.183.750</b>                     |

**16.g) Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank's equity:**

The Bank's prior year revenues, profitability and liquidity and projections in the future are followed by the relevant units. Considering the current conditions in the country's economy and the Bank's prior year performance; within the framework of forecasts regarding income, profitability and liquidity, it is estimated that there will be no significant problems in the upcoming period.

**16.h) Information on preferred shares:**

The Bank has no preferred shares.

**16.g) Information on accumulated other comprehensive income or loss that will be reclassified to profit or loss:**

|  | <b>Current Period<br/>(31.03.2021)</b> |              | <b>Prior Period<br/>(31.12.2020)</b> |               |
|--|--|--------------|--------------------------------------|---------------|
|  | <b>TL</b>                              | <b>FC</b>    | <b>TL</b>                            | <b>FC</b>     |
| From associates, subsidiaries and jointly controlled entities (joint ventures) | -                                      | -            | -                                    | -             |
| Valuation difference   | (14.680)                               | 3.010        | 4.509                                | 10.405        |
| Foreign exchange difference  | -                                      | -            | -                                    | -             |
| <b>Total</b>   | <b>(14.680)</b>                        | <b>3.010</b> | <b>4.509</b>                         | <b>10.405</b> |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**III. Explanations and notes related to consolidated off-balance sheet accounts**

**1. Information on off-balance sheet liabilities:**

**1.a) Nature and amount of irrevocable loan commitments**

|                               | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|-------------------------------|--|--------------------------------------|
| Other Irrevocable Commitments | 26.065                                 | 24.399                               |
| <b>Total</b>                  | <b>26.065</b>                          | <b>24.399</b>                        |

**1.b) Nature and amount of possible losses and commitments from the off-balance sheet items including the below mentioned:**

As of 31 March 2021, the first stage expected loss provision is TL 9.499 (31 December 2020: TL 11.047), and the third stage expected loss provision is TL 1 (31 December 2020: TL 1) for non-compensated and non-cash loans.

**1.b.1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:**

The Parent Bank has letter of credit commitments in the amount of TL 36.132 (31 December 2020: 33.822). There are no guarantees and bank loans.

**1.b.2) Definite guarantees, tentative guarantees, suretyships and similar transactions:**

Total amount of the Parent Bank's TL letters of guarantee are TL 688.953 (31 December 2020: TL 696.834). TL 2 (31 December 2020: TL 2) of this amount is letters of guarantee given to customs and other part is definite letters of guarantees.

**1.c.1) Total non-cash loans:**

|  | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|--|--|--------------------------------------|
| Non-cash loans for providing cash loans    | -                                      | -                                    |
| With original maturity of one year or less | -                                      | -                                    |
| With original maturity more than one year  | -                                      | -                                    |
| Other non-cash loans                       | 725.085                                | 730.656                              |
| <b>Total</b>                               | <b>725.085</b>                         | <b>730.656</b>                       |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**III. Explanations and notes related to consolidated off-balance sheet accounts (continued)**

**2. Information on derivative financial instruments:**

Derivative transactions of the Bank consist of money swap transactions. As of 31 March 2021, there are TL 95.450 swap money purchase and TL 97.653 equivalent EUR 10.000 swap money sale transactions and it is accounted for trading purposes.

**3. Information on contingent liabilities and assets:**

Istanbul Venture Capital Initiative (IVCI - A Luxemburg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxemburg. The Parent Bank has committed to buy "Group A" shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund's initial capital commitment was EUR 150 Million and its capital was increased to EUR 160 Million with new participants in March 2009. The Parent Bank's participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

The Parent Bank made payment of share capital constituting payments equal to EUR 300.000 on 7 November 2008, EUR 218.750 on 6 July 2009 and EUR 281.250 on 12 November 2010, EUR 167.500 on 15 July 2011, EUR 437.500 on 10 November 2011, EUR 500.000 on 15 February 2012, EUR 500.000 on 25 May 2012, EUR 250.000 on 10 August 2012, EUR 500.000 on 19 September 2012, EUR 500.000 on 18 January 2013, EUR 500.000 on 27 June 2013 and EUR 500.000 on 13 December 2013, EUR 500.000 on 1 August 2014, EUR 500.000 on 29 August 2014, EUR 500.00 on 4 May 2015, EUR 500.000 on 16 October 2015, EUR 500.000 on 3 May 2016 and EUR 312.500 on 30 November 2017, EUR 312.500 on 2 March 2018, EUR 312.500 on 12 December 2018, EUR 980.842 on 13 December 2019, EUR 312.500 on 21 July 2020 the total capital payment is EUR 9.385.842.

With reference to the above capital contributions, out of the Parent Bank's total commitment of EUR 10 million, EUR 9.385.842 have been paid , EUR 614.158 is not yet paid as of the balance sheet date.

The Parent Bank has made an investment commitment of up to 3 Million EURO to 212 Regional Fund II, whose establishment location is Luxembourg, as a limited partner, below 10% of the total fund commitment amount.

The Parent Bank made payment of share capital constituting payments equal to EUR 45.000 on 31 December 2018, EUR 120.000 on 21 January 2019 and EUR 330.000 on 21 March 2019, EUR 120.000 on 9 September 2019, EUR 330.000 on 09 December 2019.

With reference to the above capital contributions, out of the Parent Bank's total commitment of EUR 3 million, EUR 945.000 have been paid, EUR 2.055.000 is not yet paid as of the balance sheet date.

**4. Services supplied on behalf of others**

The Parent Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of consolidated profit or loss:**

**1.a) Information related to interest income on loans:**

|                                  | Current Period<br>(31.03.2021) |                | Prior Period<br>(31.03.2020) |                |
|----------------------------------|--------------------------------|----------------|------------------------------|----------------|
|                                  | TL                             | FC             | TL                           | FC             |
| <b>Interest on Loans</b>         |                                |                |                              |                |
| Short term loans                 | -                              | 1.097          | 86                           | 4.055          |
| Medium and long term loans       | 47.381                         | 195.482        | 11.736                       | 171.246        |
| Interest on non-performing loans | 8.000                          | -              | 658                          | -              |
| <b>Total</b>                     | <b>55.381</b>                  | <b>196.579</b> | <b>12.480</b>                | <b>175.301</b> |

(\*) Includes fees and commissions received from cash-loans.

**1.b) Information related to interest income on banks:**

|   | Current Period<br>(31.03.2021) |              | Prior Period<br>(31.03.2020) |              |
|---|--------------------------------|--------------|------------------------------|--------------|
|   | TL                             | FC           | TL                           | FC           |
| From Central Bank of the Republic of Turkey | -                              | -            | -                            | -            |
| From domestic banks                         | 67.073                         | 6.273        | 32.076                       | 1.390        |
| From foreign banks                          | -                              | 4            | -                            | 48           |
| From foreign head offices and branches      | -                              | -            | -                            | -            |
| <b>Total</b>                                | <b>67.073</b>                  | <b>6.277</b> | <b>32.076</b>                | <b>1.438</b> |

**1.c) Information related to interest income on marketable securities:**

|  | Current Period<br>(31.03.2021) |               | Prior Period<br>(31.03.2020) |               |
|--|--------------------------------|---------------|------------------------------|---------------|
|  | TL                             | FC            | TL                           | FC            |
| From Financial Assets at Fair Value Through Profit and Loss                | -                              | -             | -                            | -             |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income | 36.730                         | 5.828         | 22.511                       | 1.904         |
| Financial Assets Measured at Amortised Cost                                | 7.154                          | 20.251        | 3.124                        | 12.681        |
| <b>Total</b>   | <b>43.884</b>                  | <b>26.079</b> | <b>25.635</b>                | <b>14.585</b> |

**1.ç) Information related to interest income from subsidiaries and associates:**

None.

**1.d) Information on interest income from money market transactions:**

|                               | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.03.2020) |          |
|-------------------------------|--------------------------------|----------|------------------------------|----------|
|                               | TL                             | FC       | TL                           | FC       |
| Money market transactions     | -                              | -        | 45                           | -        |
| Reverse repurchase agreements | 55.506                         | -        | 7.419                        | -        |
| <b>Total</b>                  | <b>55.506</b>                  | <b>-</b> | <b>7.464</b>                 | <b>-</b> |



**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of consolidated profit or loss (Continued):**

**2.a) Information related to interest expense on borrowings:**

|  | Current Period<br>(31.03.2021) |                | Prior Period<br>(31.03.2020) |                |
|--|--------------------------------|----------------|------------------------------|----------------|
|  | TL                             | FC             | TL                           | FC             |
| Banks                                  | 25.423                         | 212            | 7                            | 185            |
| Central Bank of the Republic of Turkey | 25.423                         | -              | -                            | -              |
| Domestic Banks                         | -                              | 212            | 7                            | 185            |
| Foreign Banks                          | -                              | -              | -                            | -              |
| Foreign Head Office and Branches       | -                              | -              | -                            | -              |
| Other Institutions(*)                  | 350                            | 116.403        | 267                          | 112.722        |
| <b>Total</b>                           | <b>25.773</b>                  | <b>116.615</b> | <b>274</b>                   | <b>112.907</b> |

(\*) Includes fees and commissions payable to cash-loans.

**2.b) Information related to interest expenses to subsidiaries and associates:**

None.

**2.c) Information related to interest on securities issued:**

The Parent Bank has no securities issued.

**2.ç) Information related to interest on money market transactions:**

|                           | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.03.2020) |          |
|---------------------------|--------------------------------|----------|------------------------------|----------|
|                           | TL                             | FC       | TL                           | FC       |
| Money market transactions | 8                              | -        | 5                            | -        |
| Repurchase agreements     | 8.650                          | -        | 1.314                        | -        |
| <b>Total</b>              | <b>8.658</b>                   | <b>-</b> | <b>1.319</b>                 | <b>-</b> |

**2.d) Leasing interest expenses:**

|              | Current Period<br>(31.03.2021) |          | Prior Period<br>(31.03.2020) |          |
|--------------|--------------------------------|----------|------------------------------|----------|
|              | TL                             | FC       | TL                           | FC       |
| Buildings    | 572                            | -        | 682                          | -        |
| Vehicles     | 90                             | -        | 128                          | -        |
| <b>Total</b> | <b>662</b>                     | <b>-</b> | <b>810</b>                   | <b>-</b> |

**3. Information related to dividend income:**

|  | Current Period<br>(31.03.2021) | Prior Period<br>(31.03.2020) |
|--|--------------------------------|------------------------------|
| From Financial Assets at Fair Value Through Profit and Loss                | 678                            | -                            |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income | -                              | -                            |
| Other  | -                              | -                            |
| <b>Total</b>   | <b>678</b>                     | <b>-</b>                     |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of consolidated profit or loss (Continued):**

**4. Information related to trading income/loss:**

|  | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.03.2020)</b> |
|--|--|--------------------------------------|
| <b>Gain</b>                                | <b>79.567</b>                          | <b>63.523</b>                        |
| Gains on capital market operations         | 54.882                                 | 5.859                                |
| Gains on derivative financial instruments  | 11.929                                 | 18.786                               |
| Foreign exchange gains                     | 12.756                                 | 38.878                               |
| <b>Loss (-)</b>                            | <b>(30.377)</b>                        | <b>(55.106)</b>                      |
| Losses from the capital market operations  | -                                      | -                                    |
| Losses on derivative financial instruments | (18.114)                               | (48.507)                             |
| Foreign exchange losses                    | (12.263)                               | (6.599)                              |

**5. Information related to other operating income:**

|  | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.03.2020)</b> |
|--|--|--------------------------------------|
| Income from sale of assets             | 5.864                                  | 122                                  |
| Reversals from prior years' provisions | 3.863                                  | 15.802                               |
| Other                                  | 1.112                                  | 880                                  |
| <b>Total</b>                           | <b>10.839</b>                          | <b>16.804</b>                        |

Generally, the Parent Bank's other operating income consists of the cancellation of expected loss provisions and impairment provisions for subsidiaries allocated in previous years and the revenues from its active sales.

**6. Group's expected credit loss expenses:**

|   | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.03.2020)</b> |
|---|--|--------------------------------------|
| Expected Credit Loss Provisions   | 65.239                                 | 35.732                               |
| 12 Month Expected Credit Loss (Stage 1)                                       | 1.659                                  | 18.721                               |
| Significant Increase in Credit Risk (Stage 2)                                 | 44.992                                 | 15.629                               |
| Non-performing loans (Stage 3)  | 18.588                                 | 1.382                                |
| Marketable Securities Impairment Expense                                      | -                                      | 6.549                                |
| Financial Assets at Fair Value through Profit or Loss                         | -                                      | 6.549                                |
| Financial Assets at Fair Value through Other Comprehensive Income             | -                                      | -                                    |
| Subsidiaries, Associates and Joint Ventures Provision Expenses for Impairment | -                                      | -                                    |
| Associates  | -                                      | -                                    |
| Subsidiaries  | -                                      | -                                    |
| Joint Ventures  | -                                      | -                                    |
| Other   | 10.939                                 | 1.725                                |
| <b>Total</b>  | <b>76.178</b>                          | <b>44.006</b>                        |

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of consolidated profit or loss (Continued):**

**7. Information related to other operating expenses:**

|   | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.03.2020)</b> |
|---|--|--------------------------------------|
| Provision for employee termination benefits <sup>(*)</sup>                          | 433                                    | 1.724                                |
| Provision expense for bank social aid fund deficits                                 | -                                      | -                                    |
| Fixed assets impairment charges   | -                                      | -                                    |
| Depreciation charges of fixed assets  | 1.908                                  | 2.342                                |
| Intangible assets impairment charges  | -                                      | -                                    |
| Goodwill impairment charges   | -                                      | -                                    |
| Amortization charges of intangible assets   | 687                                    | 301                                  |
| Impairment charges on investments accounted for at equity method accounting         | -                                      | -                                    |
| Impairment charges of assets that will be disposed                                  | -                                      | -                                    |
| Amortization charges of assets that will be disposed                                | -                                      | -                                    |
| Impairment charges for non-current assets held for sale and discontinued operations | -                                      | -                                    |
| Other operating expenses  | 4.767                                  | 4.319                                |
| Operational leasing expenses  | 102                                    | 28                                   |
| Maintenance expenses  | 144                                    | 63                                   |
| Advertisement expenses  | 18                                     | 19                                   |
| Other expenses <sup>(**)</sup>  | 4.503                                  | 4.209                                |
| Loss on sale of assets  | -                                      | 1.203                                |
| Other   | 4.890                                  | 3.486                                |
| <b>Total</b>  | <b>12.685</b>                          | <b>13.375</b>                        |

<sup>(\*)</sup> Provision for Severance Pay and Provision for Short Term Employee Benefits are shown in the Other Provisions line in the profit or loss statement .

<sup>(\*\*)</sup> TL 376 of other expenses is from cleaning expenses (31 March 2020: TL 506), TL 1.107 is from communication expenses (31 March 2020: TL 852), TL 160 is from security expenses (31 March 2020: TL 598), TL 642 is from computer usage expenses (31 March 2020: TL 222), TL 56 is from heating, lighting and water expenses (31 March 2020: TL 172), TL 654 is from vehicle expenses (31 March 2020: TL 724), TL 309 amount consists of dues (31 March 2020: TL 339) and 1.199 TL remaining portion consists of various other expenses (31 March 2020: TL 796).

<sup>(\*\*\*)</sup> The part of the other amounting to TL 2.328 is from taxes, duties, fees and fund expenses (31 March 2020: 1.814 TL), 1.135 TL from audit and consultancy fees (31 March 2020: 847 TL), 974 TL is from BRSA participation share (31 March 2020 : 786 TL) and the remaining part amounting to 453 TL (31 March 2020: 39 TL) consists of other miscellaneous expenses.

**8. Information related to operating profit/loss before taxes:**

As of 31 March 2021, the Bank's income before tax from the continuing operations is TL 238.665 (31 March 2020: TL 107.028) and the Bank has no discontinued operations.

**9. Information related to tax provisions for taxes:**

As of 31 March 2021, Group's income tax provision from continuing operations amounting to TL 40.774, (31 March 2020: TL 16.715) consists of TL 47.772 of current tax charge (31 March 2020: TL 25.815), TL 6.998 of deferred tax income effect (31 March 2020: 9.100 deferred tax income effect).

**10. Information related to net operating income after taxes:**

Group has earned net profit of TL 198.161 from continuing operations between 1 January 2021 and 31 March 2021 (Between 1 January 2020-31 March 2020: TL 90.313).

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of profit or loss (Continued):**

**11. Information on net consolidated profit/loss:**

**11.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:**

None.

**11.b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:**

There are no changes in accounting estimates.

**12. If the other items in the income statement exceed 10 % of the income statement total, sub-accounts amounting to at least 20 % of these items are presented below:**

The total amount of other fees and commissions in the profit or loss statement as of 31 March 2021 is TL 4.289 (31 March 2020: TL 5.125). 200 TL (31 March 2020: 3.095 TL) of this amount is project service income and 157 TL (31 March 2020: None) of this amount is loan limit allocation fees, 1.117 TL (31 March 2020: 148 TL) is consultancy service income, TL 2,001 (31 March 2020: TL 1,953) is composed of loan commitment commissions, 182 TL (31 March 2020: 23 TL) of appraisal fees, 82 TL (31 March 2020: 1,540 TL) of which are loan early payment compensation.

As of 31 March 2020, the total amount of other fees and commissions given in the profit or loss statement is TL 6.512 (31 March 2020: TL 1.531). Of this amount, TL 2.862 (31 March 2020: None) consists of credit guarantee fund limit commissions and TL 1.900 (31 March 2020: TL 968) for listing fees.

**13. Profit / loss attributable to minority rights:**

None.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**V. Explanations Related to Risk Group of the Parent Bank:**

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Bank adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

**a) Current Period:**

| Risk Group                      | Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures) |          | Direct or Indirect Shareholders of the Bank |          | Other Real and Legal Persons in the Risk Group |          |
|---------------------------------|---|----------|---|----------|--|----------|
|                                 | Cash  | Non-Cash | Cash  | Non-Cash | Cash   | Non-Cash |
| Loans                           | -   | -        | -   | -        | -  | -        |
| Beginning Balance               | -   | -        | -   | -        | -  | -        |
| Closing Balance (*)             | -   | -        | -   | -        | -  | -        |
| Interest and Commissions Income | -   | -        | -   | -        | -  | -        |

(\*) TL 3.781 of loan distributed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.781 is set aside for the expected loss in the third stage.

**b) Prior Period:**

| Risk Group                      | Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures) |          | Direct or Indirect Shareholders of the Bank |          | Other Real and Legal Persons in the Risk Group |          |
|---------------------------------|---|----------|---|----------|--|----------|
|                                 | Cash  | Non-Cash | Cash  | Non-Cash | Cash   | Non-Cash |
| Loans                           | -   | -        | -   | -        | -  | -        |
| Beginning Balance               | -   | -        | -   | -        | -  | -        |
| Closing Balance (*)             | -   | -        | -   | -        | -  | -        |
| Interest and Commissions Income | -   | -        | -   | -        | -  | -        |

(\*) TL 3.759 of loan distributed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.759 is set aside for the expected loss in the third stage.

**c) Information on forward transactions, option contracts and similar other transactions between the Parent Bank and its risk groups:**

None.

**d) Information on remuneration and benefits provided for the senior management of the Bank:**

Salaries and dividend paid to members of Board of Directors, Supervisory Board, General Manager and Vice General Managers are presented below.

|                              | Current Period<br>(31.03.2021) | Prior Period<br>(31.03.2020) |
|------------------------------|--------------------------------|------------------------------|
| Salaries                     | 2.250                          | 2.006                        |
| Dividend and fringe benefits | 1.975                          | -                            |
| <b>Total</b>                 | <b>4.225</b>                   | <b>2.006</b>                 |

## **SECTION SIX**

### **OTHER EXPLANATIONS**

#### **I. Explanations on Auditors' review report:**

The Parent Bank's consolidated financial statements as of and for the period ended 31 March 2021 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of the KPMG International Cooperative) and the review report dated 30 April 2021 is presented at the beginning of the financial statements and related notes.

#### **II. Explanations and notes related to subsequent events:**

The valid corporate tax rate in Turkey is 20% as of March 31, 2021. However, with the Temporary Article 13 added to the Corporate Tax Law No: 5520 and with the Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Some Laws, which entered into force after being published in the Official Gazette dated April 22, 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change will come into effect as of April 22, 2021, 20% has been used as the tax rate in the period tax and deferred tax calculations in the financial statements dated March 31, 2021.

## **SECTION SEVEN**

### **CONSOLIDATED INTERIM ACTIVITY REPORT**

#### **I. Chairman's Assessment**

The global economy, which contracted sharply in the first half of 2020 due to the coronavirus epidemic, started to recover as of the second half of the year, with gradual normalization, progress in vaccination studies and expanding scope of economic support packages. Despite this, a 3.3% contraction was experienced in the global economy in 2020 due to the contraction in developed countries.

Macro indicators for the first quarter of 2021 indicate that the recovery continues under the leadership of the USA and China. Many institutions, especially the central banks of developed countries, emphasize the necessity of continuing the implementation of support packages in order for the recovery to be permanent. The Turkish economy, which contracted in the second quarter of 2020 due to the impact of the pandemic, entered into a rapid recovery process after comprehensive measures and gradual normalization, and became one of the few countries that completed 2020 with positive growth. Many indicators such as industrial production, foreign trade data and confidence indices show that the strong course of economic activity continues in the first quarter of 2021. Domestic economic activity is expected to perform well in the remainder of the year, with the effect of the progress in the vaccination process and the recovery in the global economy.

In the first quarter of 2021, the assets of our Bank increased by 47,05% compared to the same period of the previous year, while our operating income increased by 91,70%. The amount of our loans, which constitutes 75,19% of our total assets, increased by 41,26% in March 2021 compared to the same period of the previous year and reached TL 23 billion, while our first quarter profit was TL 197,9 million.

Our bank keeping its sustainable growth also in 2021 will continue to fulfill development and investment banking functions in line with development priorities of Turkey in a competitive and dynamic way.

**Dr. Raci KAYA**  
**Chairman of the Board**

## **SECTION SEVEN (Continued)**

### **CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)**

#### **II. CEO and Board Member' Assessment**

Macro leading indicators announced in the first quarter of 2021 point to a positive growth outlook in the global economy. While the recovery in developed countries is led by the USA, China stands out in developing countries. In this development, the rapid progress of the Covid-19 vaccination process, as well as the economic support packages, played an important role. When the data in the reports published by international organizations are evaluated, the global economy is expected to grow by 6% and 4% in 2021 and 2022, respectively.

While the Turkish Banking Sector displayed a positive performance in terms of asset growth in the first two months of 2021, there was a decline in terms of profitability. While the total assets of the sector increased by 29,6% compared to the same month of the previous year and reached TL 6,1 trillion in February 2021, the loans, which constitute the largest share in the asset items, increased by 29,8% and reached the level of TL 3,6 trillion. The net profit of the sector decreased to TL 13,5 billion with an annual decrease of 41,4% in the first two months of the year, and the capital adequacy standard ratio increased by 0,5 points compared to the same month of the previous year and realized at the level of 18,2%.

Despite the loss of momentum in the sector domestically, our Bank's strong performance trend continued in the first quarter of 2021. As of March 2021, our assets increased by 9,3% compared to the end of 2020; by 47,1% compared to the same period of the previous year and reached TL 30,7 billion.

While the amount of our loans, which constitute 75,2% of our total assets, reached TL 23 billion in March 2021, our loan volume increased by 13% compared to the end of 2020 and by 41,3% compared to the same period of the previous year. The ratio of gross non-performing loans to total loans, which is an important indicator of asset quality, to total loans increased by 0,3 points compared to the same period of the previous year and realized at the level of 0,9% in the first quarter of 2021. The capital adequacy ratio was 21,04%, above the sector average. Our profit for the first three months of 2021 was TL 197,9 million.

Adding a new support to renewable energy projects in line with Turkey's development goals, our Bank signed a "Green" themed loan agreement with the Japanese Bank for International Cooperation (JBIC) for USD 170 million.

Our Bank provides financial consultancy, capital markets consultancy, merger and acquisition consultancy services to both private sector and public institutions in the field of investment banking. Continuing its activities with a responsible banking approach, in this context, our Bank mediated the first low-carbon economy bond issue of Turkey, amounting to TL 200 million.

In line with the development goals of our country, our Bank contributes to sustainable growth with credit support to investments and will continue to support the national economy with development and investment banking activities in the upcoming period.

**İbrahim H. ÖZTOP**  
**CEO and Board Member**



**SECTION SEVEN (Continued)**

**CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)**

**III. Summary Financial Information and Ratios**

| <b>Balance Sheet (Thousand TL)</b>          | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|---|--|--------------------------------------|
| Total Assets                                | 30.670.178                             | 28.071.738                           |
| Financial Assets                            | 5.985.413                              | 6.141.915                            |
| Loans                                       | 23.060.938                             | 20.402.723                           |
| Financial Assets Measured at Amortized Cost | 1.849.339                              | 1.717.342                            |
| Expected Loss Profits (-)                   | 406.543                                | 345.110                              |
| Loans Obtained -Funds-Money Market Debts    | 24.407.364                             | 22.211.805                           |
| Subordinated Debt Instruments               | 2.147.069                              | 1.993.243                            |
| Equity (Including Profit)                   | 3.759.506                              | 3.587.942                            |

| <b>Profit / Loss (Thousand TL)</b> | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|------------------------------------|--|--------------------------------------|
| Interest Income (Net)              | 290.608                                | 153.691                              |
| Non-Interest Income (Net)          | (51.842)                               | (46.663)                             |
| Tax Provision (-)                  | 40.605                                 | 16.715                               |
| Net Profit / Loss                  | 198.161                                | 90.313                               |

| <b>Ratios (%)</b>                               | <b>Current Period<br/>(31.03.2021)</b> | <b>Prior Period<br/>(31.12.2020)</b> |
|---|--|--------------------------------------|
| Total Loans (Net) / Total Assets                | 75,2                                   | 72,7                                 |
| Loans Under Follow-Up (Net) / Total Loans (Net) | 0,9                                    | 1,1                                  |
| Equity / Total Assets                           | 12,3                                   | 12,8                                 |
| Loans Used / Total Liabilities                  | 77,4                                   | 77,5                                 |
| Capital Adequacy Ratio                          | 21,0                                   | 22,4                                 |

**IV. Bank Management**

**1. Board of Directors and Bank Top Management**

Members of the Board of Directors and the Bank's Top Management are indicated on the second page in the general information section.

**2. Authority Limits of the Chairman and Members of the Board of Directors**

The duties and responsibilities of the members of the Bank's Board of Directors are determined by the Establishment Law No. 7147 and the Bank's Articles of Association.

The main task of the Board of Directors of the Bank is to ensure the realization of the objectives set by the Law within the framework of General Assembly resolutions and related legislation, development plan and annual programs. In the January-March 2021 period, the Board of Directors held 7 meetings, and a total of 64 decisions, 4 of which were Interim Decisions and 68 were Decisions.

**Audit Committee**

| <b>Name Surname</b> | <b>Duty</b>                            |
|---------------------|--|
| Dr. Turgay GEÇER    | Chairman of the Audit Committee        |
| Erdal ERDEM         | Deputy Chairman of the Audit Committee |
| Abdullah BAYAZIT    | Audit Committee Member                 |

In the January-March 2021 period, the Audit Committee held 5 meetings and took 18 decisions.

**SECTION SEVEN (Continued)**

**CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)**

**IV. Bank Management (Continued):**

**4. Corporate Governance Committee**

| Name Surname        | Duty  |
|---------------------|---|
| Erdal ERDEM         | Head of Corporate Governance Committee              |
| Salim Can KARAŞIKLI | Vice Chairman of the Corporate Governance Committee |
| Dr. Metin ÇINAR     | Corporate Governance Committee Member               |

**5. Pricing Committee**

| Name Surname        | Duty                              |
|---------------------|-----------------------------------|
| Salim Can KARAŞIKLI | Chairman of the Pricing Committee |
| Murat ZAMAN         | Pricing Committee Member          |

The Pricing Committee did not convene in the January-March 2021 period.

**6. Units Under Internal Systems**

| Name Surname            | Duty                                    |
|-------------------------|---|
| Dr. Kaan Ramazan ÇAKALI | Head of the Inspection Board            |
| Dr. Semra PEKKAYA       | Head of Risk Management Department      |
| Burhan Serhan PEKER     | Internal Control and Compliance Manager |

**V. Capital and Shareholder Structure**

| Shareholders            | Current Capital Share (TL) | %          |
|-------------------------|----------------------------|------------|
| Treasury Undersecretary | 1.585.304.488,49           | 99,08      |
| Other (*)               | 14.695.511,51              | 0,92       |
| <b>Total</b>            | <b>1.600.000.000,00</b>    | <b>100</b> |

(\*) Since it covers all real and legal persons and shares of these partners are traded on Borsa Istanbul, the number of partners is unknown.

**VI. Activities of the Bank's I. Term in 2021**

**Financing Activities and Relations with Financial Institutions**

The loan agreement for providing COVID-19 financing facility for USD 300 million from the Asian Infrastructure Investment Bank was signed on August 17, 2020. It will be made available to SMEs and large enterprises in order to reduce the effects of the credit pandemic. The first tranche of the loan in the amount of 100 million USD was transferred to the Bank accounts on 28 December 2020. Credit disbursement and reporting studies are ongoing.

The loan agreement for providing an Emergency Company Support Loan of 250 million USD from the World Bank was signed on September 9, 2020. The loan will be used for the financing of SMEs affected by the pandemic. The first tranche of the loan, amounting to 10 million USD, was transferred to the Bank accounts on 30 March 2021.

The loan agreement with the Development Bank of China for providing 200 million USD of financing is expected to be completed in the second quarter of 2021.

Negotiations on obtaining USD 170 million GREEN III titled energy and efficiency loan from Japan International Development Bank JBIC have been signed on 29 March 2021.

Follow-up studies are continuing to obtain 150 million USD renewable energy and efficiency loan from the OPEC Fund for International Development OFID.

## **SECTION SEVEN (Continued)**

### **CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)**

#### **VI. Activities of the Bank's I. Term in 2021 (Continued)**

##### **Financing Activities and Relations with Financial Institutions (Continued)**

Within the scope of providing 100 million EUR COVID-19 loan from the German Development Bank; informed that the loan offer could be submitted in the second quarter of 2021.

International Rating Agency Fitch Ratings announced the Bank's credit rating as BB- Stable as of February 2021.

##### **Project Activities, Consultancy and Technical Assistance Services**

The RPM (Risk Sharing Mechanism) project, which was developed for the utilization of the geothermal resources of our country, financed by grants from the CTF fund through the World Bank, is carried out by the Bank. Within the framework of the project, it is aimed to partially meet the costs of the wells to be opened by geothermal investors for resource exploration purposes in case of failure. Based on the experience gained from the first round of implementation and the feedback received from the companies participating in the program, some changes were made within the scope of the RPM project and the Text of Amendment (Third Amendment to the CTF) based on the original contract signed between the World Bank and the Bank (CTF Grant No.TF0A1532, 30.11.2016) Grant Agreement was signed on February 16, 2021. In the first round of implementation of the RPM, 7 projects were covered, and Beneficiary Agreements were signed for 3 projects. Within the scope of the first signed contract, road construction and preparation works are continuing for the drilling activity of 3S Kale Niğde Enerji Üretim A.Ş. in the Kitreli-Çömlekçi license area. Environmental, social and land acquisition administrative permit processes for another signed project, and contract preparations for other projects are ongoing. At the same time, before the second round of the RPM project, a Consultation Workshop was organized with the participation of all stakeholders in the geothermal sector and the World Bank on January 26, 2021, and a presentation was made to the participants, introducing the changes in the second round implementation of the program. After the workshop, the Declaration of Intent (EOI) application process for the RPM second round application started and continued until March 12, 2021. For the second round of RPM application, a Declaration of Intent has been received for a total of 18 geothermal resource development projects, and the technical, financial and environmental social assessment of the projects continues. After the evaluation, the projects to be shortlisted will be determined and then the actual application process will begin.

In addition, since the Bank is the implementer of the RPM project in Turkey, it is a participant in the GEORISK project, which aims to share the existing insurance systems to meet geothermal risks among other countries, to develop and implement new risk assessment tools in order to effectively evaluate geothermal resources in European countries. Participation was made to the web meetings held every month as part of the project and attended by the organizations involved in the project. Also, on January 21, 2021, GEORISK-3. The National Workshop was organized online. At the workshop, which included the geothermal sector stakeholders besides the officials of TÜBİTAK and JESDER, who are the participants of the Georisk project, the Bank made a presentation introducing the experiences gained from the first round of implementation of the RPM project. Also, GEORISK-4. Within the scope of the work package, within the framework of the policy for the geothermal sector in Turkey, a report containing up-to-date data on relevant laws and regulations and information on sector development was prepared and shared with project members. GEORISK-5, which covers the business activities of the Bank in the project. Studies within the scope of the work package are ongoing.

##### **Crediting Activities**

In the period of January - March 2021, credit applications from 48 companies were accepted as 2.384 million TL, 166 million EUR and 358 million USD, and their total value was 6.985 million TL. 58% (4.080 million- TL) of these applications are for manufacturing industry, 25% (1.748 million-TL) for energy, 6% (379 million-TL)for tourism h and 11% (778 million-TL)for other sectors..

## **SECTION SEVEN (Continued)**

### **CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)**

#### **Crediting Activities (Continued)**

In the period of January - March 2021, 34 companies were provided with loans of 18 million EUR, 97 million USD and 267 million TL, with a total value of 1.187 million TL. 46% of the loans granted belong to the energy sector, 33% to the manufacturing industry, 6% to the tourism sector and 15% to the financial sector.

## **VII. Corporate Governance Principles Compliance Report**

Turkey Investment and Development Bank Inc. continues its operations in accordance with the Law No. 7147, the Banking Law and other legal regulations that it regulates. Compulsory ones are complied with the Corporate Governance Principles published by the Capital Markets Board, and maximum efforts are made to comply with non-compulsory principles.

In accordance with the Capital Markets Board's decision dated 10.01.2019 and numbered 2/49, the Corporate Governance Compliance Report made in accordance with the Corporate Governance Communiqué No. II-17.1 will be made using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates.

Related reporting, accessible from <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s> address.

### **1. Shareholder Relations Unit**

The function of relations with shareholders is carried out by “Subsidiaries, Corporate Relations and Sustainability Department”.

Within the period of January-March 2021, 10 information requests were answered within the scope of the exercise of the Shareholders' Right to Information.

### **2. Capital Increase and General Assembly Information**

The Ordinary General Assembly Meeting of the Bank for 2020 held on March 31, 2021, at 14:30 at Saray Mah. Dr. Adnan Buyukdeniz Cad. B Blok Apt. No: 10 Ümraniye / İSTANBUL under the supervision of the Ministry representative.

The call for the meeting; As stipulated in the Law and Articles of Association and including the agenda, on February 26, 2021, on the Public Disclosure Platform, in the Electronic General Assembly System of the Central Registry Agency, on the official website of the Bank, [www.kalkinma.com.tr](http://www.kalkinma.com.tr), It was made in due time by being announced in the copy dated 05.03.2021 and numbered 10281 and on its copy dated 09.03.2021 and numbered 10283. From the inspection of the list of attendees, out of 160,000,000,000 shares corresponding to the Bank's total capital of TL 1,600,000,000.00, a capital of TL 1,585,304,489.489 corresponds to a capital of 158,530,488,848.9 shares corresponding to 62,401,762 shares corresponding to 6,204,6.2 shares were present at the meeting in person and thus, the minimum meeting quorum stipulated in both the Law and the Articles of Association was found. The minutes of the General Assembly Meeting and the list of attendees can also be accessed from the website of the Public Disclosure Platform (KAP) ([www.kap.gov.tr](http://www.kap.gov.tr)) and the Bank's website ([www.kalkinma.com.tr](http://www.kalkinma.com.tr)).

With the decision of the Board of Directors of the Bank dated October 09, 2020, pursuant to the authorization given by Article 6 of the Bank's Articles of Association, within the registered capital ceiling of the Bank determined as TL 2,500,000,000, TL 850,000,000 was issued its capital was increased to TL 1,600,000,000, -TL 750,000,000, -TL (88,23529%) by covering all of it in cash.

**SECTION SEVEN (Continued)**

**CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)**

**VII. Corporate Governance Principles Compliance Report (Continued)**

**3. Company Disclosure Policy**

The Bank's Disclosure Policy, prepared by the Bank's Corporate Governance Committee and submitted to the Board of Directors, was approved on April 29, 2009, and is available on the Bank's website as of May 1, 2009. Monitoring, oversight and development of the implementation of the Disclosure Policy is under the authority and responsibility of the Bank's Board of Directors and is carried out under the supervision of the Corporate Governance Committee on behalf of the Bank's Board of Directors. In addition, the Bank has adopted the principle of public disclosure on matters that are in accordance with its mission and do not have a trade secret, in addition to the rules determined by the legislation.

In the period of January - March 2021;

No application has been made to the Information Unit within the scope of the Regulation on Principles and Procedures on the Right to Information Act and its Implementation No. 4982.

Within the framework of the Prime Ministry Circular No. 2006/3 published in the Official Gazette dated 20 May 2006 and numbered 26055, 1 application was made from the Presidential Communication Center (CIMER) system..

**4. Special Condition Disclosures**

Notifications are made in a timely manner in cases requiring special disclosure. 21 special case announcements were made during the period of January - March 2021. No additional explanation requests were made by the CMB and Borsa İstanbul regarding the announcements made.