

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

Unconsolidated Financial Statements  
As of and For the Six-Month Period Ended 30 June 2021  
With Independent Auditor's Review Report  
(Convenience Translation of Unconsolidated  
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 UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

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

### Introduction

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Kalkınma ve Yatırım Bankası A.Ş. (the "Bank") as at 30 June 2021 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the six-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 unconsolidated interim financial information do not presented fairly in all material respects, the financial position of Türkiye Kalkınma ve Yatırım Bankası A.Ş. at 30 June 2021, and its unconsolidated financial performance and its cash flows for the six-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 unconsolidated 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 unconsolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated 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 unconsolidated interim financial information and IFRS.



30 July 2021  
Istanbul, Turkey

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE KALKINMA VE YATIRIM  
BANKASI A.Ş. FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

The Headquarters Address      Saray Mahallesi  
Dr.Adnan Büyükdeniz Cad. No:10  
Ümraniye / İSTANBUL  
Telephone and Facsimile      Tel : 0216 636 87 00  
Faks: 0216 636 89 28  
Website Address      http://www.kalkinma.com.tr  
E-mail Address      muhasebe@kalkinma.com.tr

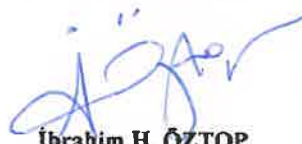
The unconsolidated financial report for six months prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for six 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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**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Notes to the Unconsolidated Financial Statements As of 30 June 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)  
**SECTION ONE**

**GENERAL INFORMATION**

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

The 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 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 Bank’s name was changed to Türkiye Kalkınma ve Yatırım Bankası A.Ş with the law numbered 7147.

**II. Capital Structure of the 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 Bank which is subject to registered capital system is TL 10.000.000. The issued capital within the registered capital is TL 1.600.000 (The Bank’s capital consists 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:

Shareholders	Share Amount (Thousand TL)	Share (%)	Share Capital (Thousand TL)	Unpaid Capital (Thousand TL)
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 institutions and individuals and shares of these shareholders are traded in Borsa İstanbul. Therefore, number of shareholders can’t be known.

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

**III.Explanations Regarding the 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 Bank, if any:**

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

<b>Name Surname</b>	<b>Duty</b>	<b>Assignment Date</b>	<b>Education Level</b>	<b>Experience in Banking Sector (Years)</b>
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:**

<b>Name Surname</b>	<b>Duty</b>	<b>Assignment Date</b>	<b>Education Level</b>	<b>Experience in Banking Sector (Years)</b>
İbrahim H. ÖZTOP	General Manager / Corporate Banking and Project Finance, IT Application Development, IT System and Infrastructure, Strategy Organization and Process Management, CEO and Board of Directors Office Services and all other 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, Development Fund of Turkey	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, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications	08.03.2019	Bachelor's Degree	22
Emine Özlem CİNEMRE	EVP/ Treasury, Financial Institutions, Development Finance Institutions, Development Cooperation and Wholesale Banking	20.05.2019	Bachelor's Degree	33

**Chief Internal Inspector:**

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

Executives mentioned above do not own any shares of the 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 Bank:**

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

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

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Unconsolidated Balance Sheet (Statement of Financial Position) As of 30 June 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Reviewed Current Period 30 June 2021			Audited Prior Period 31 December 2020		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>ASSETS</b>							
<b>I. FINANCIAL ASSETS (NET)</b>	<b>(1)</b>	<b>3.663.176</b>	<b>3.180.265</b>	<b>6.843.441</b>	<b>3.518.947</b>	<b>2.622.919</b>	<b>6.141.866</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>2.989.944</b>	<b>1.753.633</b>	<b>4.743.577</b>	<b>2.943.885</b>	<b>2.112.671</b>	<b>5.056.556</b>
1.1.1 Cash and Balances with Central Bank		1.341	-	1.341	1.126	-	1.126
1.1.2 Banks		2.442.844	1.753.633	4.196.477	1.451.203	2.112.671	3.563.874
1.1.3 Money Markets		555.290	-	555.290	1.500.739	-	1.500.739
1.1.4 Expected Credit Loss (-)		(9.531)	-	(9.531)	(9.183)	-	(9.183)
<b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>		<b>-</b>	<b>258.059</b>	<b>258.059</b>	<b>-</b>	<b>119.725</b>	<b>119.725</b>
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	258.059	258.059	-	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>672.023</b>	<b>1.168.573</b>	<b>1.840.596</b>	<b>575.019</b>	<b>390.523</b>	<b>965.542</b>
1.3.1 Government Securities		645.996	997.529	1.643.525	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		11.037	171.044	182.081	10.112	44.559	54.671
<b>1.4 Derivative Financial Assets</b>		<b>1.209</b>	<b>-</b>	<b>1.209</b>	<b>43</b>	<b>-</b>	<b>43</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		1.209	-	1.209	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>	<b>(2)</b>	<b>1.591.827</b>	<b>24.337.157</b>	<b>25.928.984</b>	<b>1.194.875</b>	<b>20.580.110</b>	<b>21.774.985</b>
<b>2.1 Loans</b>		<b>1.962.179</b>	<b>22.469.934</b>	<b>24.432.113</b>	<b>1.415.404</b>	<b>18.987.319</b>	<b>20.402.723</b>
<b>2.2 Lease Receivables</b>		<b>28</b>	<b>-</b>	<b>28</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>133.014</b>	<b>1.867.223</b>	<b>2.000.237</b>	<b>124.551</b>	<b>1.592.791</b>	<b>1.717.342</b>
2.4.1 Government Securities		133.014	1.867.223	2.000.237	124.551	1.592.791	1.717.342
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>		<b>(503.394)</b>	<b>-</b>	<b>(503.394)</b>	<b>(345.110)</b>	<b>-</b>	<b>(345.110)</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(3)</b>	<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>	<b>(4)</b>	<b>21.743</b>	<b>-</b>	<b>21.743</b>	<b>20.543</b>	<b>-</b>	<b>20.543</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 Unconsolidated Financial Subsidiaries		18.693	-	18.693	18.693	-	18.693
<b>4.2 Subsidiaries (Net)</b>		<b>3.050</b>	<b>-</b>	<b>3.050</b>	<b>1.850</b>	<b>-</b>	<b>1.850</b>
4.2.1 Unconsolidated Financial Subsidiaries		3.050	-	3.050	1.850	-	1.850
4.2.2 Unconsolidated 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 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(6)</b>	<b>41.248</b>	<b>-</b>	<b>41.248</b>	<b>46.139</b>	<b>-</b>	<b>46.139</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(7)</b>	<b>20.487</b>	<b>-</b>	<b>20.487</b>	<b>17.744</b>	<b>-</b>	<b>17.744</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		20.487	-	20.487	17.744	-	17.744
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(10)</b>	<b>43.525</b>	<b>-</b>	<b>43.525</b>	<b>17.990</b>	<b>-</b>	<b>17.990</b>
<b>X. OTHER ASSETS</b>	<b>(11)</b>	<b>30.558</b>	<b>54.014</b>	<b>84.572</b>	<b>23.296</b>	<b>30.807</b>	<b>54.103</b>
<b>TOTAL ASSETS</b>		<b>5.412.564</b>	<b>27.571.436</b>	<b>32.984.000</b>	<b>4.839.534</b>	<b>23.233.836</b>	<b>28.073.370</b>

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Unconsolidated Balance Sheet (Statement of Financial Position) As of 30 June 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Reviewed Current Period 30 June 2021			Audited Prior Period 31 December 2020		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
<b>II. FUNDS BORROWED</b>	(2)	1.250.520	24.232.001	25.482.521	782.206	20.980.533	21.762.739
<b>III. MONEY MARKET FUNDS</b>	(3)	219.955	-	219.955	205.378	-	205.378
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>	(5)	261.039	363.613	624.652	121.079	124.137	245.216
5.1 Borrower Funds		241.677	138.743	380.420	102.413	61.625	164.038
5.2 Other		19.362	224.870	244.232	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)	941	-	941	47	-	47
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		941	-	941	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)	12.203	-	12.203	13.575	-	13.575
<b>X. PROVISIONS</b>	(11)	40.856	-	40.856	51.012	-	51.012
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		28.734	-	28.734	38.997	-	38.997
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		12.122	-	12.122	12.015	-	12.015
<b>XI. CURRENT TAX LIABILITY</b>	(12)	95.350	-	95.350	45.148	-	45.148
<b>XII. DEFERRED TAX LIABILITY</b>	(13)	-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(14)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(15)	-	2.295.601	2.295.601	-	1.993.243	1.993.243
14.1 Borrowings		-	2.295.601	2.295.601	-	1.993.243	1.993.243
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(16)	67.337	164.270	231.607	47.752	121.061	168.813
<b>XVI. SHAREHOLDERS' EQUITY</b>	(17)	3.970.763	9.551	3.980.314	3.577.794	10.405	3.588.199
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		312	-	312	(348)	-	(348)
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		(11.943)	9.551	(2.392)	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)		408.761	-	408.761	501.840	-	501.840
16.6.1 Prior Periods' Profit or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Profit or (Loss)		408.761	-	408.761	501.840	-	501.840
<b>TOTAL LIABILITIES</b>		<b>5.918.964</b>	<b>27.065.036</b>	<b>32.984.000</b>	<b>4.843.991</b>	<b>23.229.379</b>	<b>28.073.370</b>

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Unconsolidated Statement of Off-Balance Sheet As of 30 June 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

I.	OFF-BALANCE SHEET	Note (Section Five III)	Reviewed Current Period 30 June 2021			Audited Prior Period 31 December 2020		
			TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>5.028.056</b>	<b>3.210.198</b>	<b>8.238.254</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>62.011</b>	<b>659.509</b>	<b>721.520</b>	<b>54.826</b>	<b>675.830</b>	<b>730.656</b>
1.1	Letters of Guarantee		62.011	621.201	683.212	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		62.009	621.201	683.210	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		-	38.308	38.308	-	33.822	33.822
1.3.1	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2	Other Letters of Credit		-	38.308	38.308	-	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>4.336.115</b>	<b>1.941.661</b>	<b>6.277.776</b>	<b>4.752.554</b>	<b>3.692.960</b>	<b>8.445.514</b>
2.1	Irrevocable Commitments		7.374	75.411	82.785	-	24.399	24.399
2.1.1	Asset Purchase and Sale Commitments		7.374	50.882	58.256	-	-	-
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		-	24.529	24.529	-	24.399	24.399
2.2	Revocable Commitments		4.328.741	1.866.250	6.194.991	4.752.554	3.668.561	8.421.115
2.2.1	Revocable Loan Granting Commitments		4.328.741	1.866.250	6.194.991	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>629.930</b>	<b>609.028</b>	<b>1.238.958</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		629.930	609.028	1.238.958	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		629.930	609.028	1.238.958	-	-	-
3.2.2.1	Foreign Currency Swap-Buy		542.363	87.004	629.367	-	-	-
3.2.2.2	Foreign Currency Swap-Sell		87.567	522.024	609.591	-	-	-
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>9.320.273</b>	<b>56.092.546</b>	<b>65.412.819</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>147.454</b>	<b>-</b>	<b>147.454</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		147.454	-	147.454	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>9.172.819</b>	<b>56.092.546</b>	<b>65.265.365</b>	<b>4.817.946</b>	<b>43.781.832</b>	<b>48.599.778</b>
5.1	Marketable Securities		742.203	-	742.203	587.780	-	587.780
5.2	Guarantee Notes		32.481	4.922.970	4.955.451	13.406	4.316.246	4.329.652
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		7.954.867	38.839.953	46.794.820	3.779.752	28.079.463	31.859.215
5.6	Other Pledged Items		172.624	9.352.245	9.524.869	166.364	8.767.569	8.933.933
5.7	Pledged Items-Depository		270.644	2.977.378	3.248.022	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>14.348.329</b>	<b>59.302.744</b>	<b>73.651.073</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 financial statements

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Unconsolidated Statement of Profit or Loss As of 30 June 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

III. STATEMENT OF PROFIT OR LOSS		Note (Section Five IV)	Reviewed Current Period		Reviewed Prior Period	
INCOME AND EXPENSE ITEMS			Current Period 1 January- 30 June 2021	Previous Period 1 January- 30 June 2020	Current Period 1 April- 30 June 2021	Previous Period 1 April- 30 June 2020
I.	INTEREST INCOME	(1)	960.725	537.038	509.944	268.037
1.1	Interest on Loans		546.043	377.637	294.083	189.856
1.2	Interest on Reserve Requirements		-	-	-	-
1.3	Interest on Banks		179.109	61.562	105.759	28.048
1.4	Interest on Money Market Transactions		102.541	17.195	47.035	9.731
1.5	Interest on Marketable Securities Portfolio		132.990	80.622	63.027	40.402
1.5.1	Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Fair Value Through Other Comprehensive Income		77.841	46.440	35.283	22.025
1.5.3	Measured at Amortized Cost		55.149	34.182	27.744	18.377
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		42	22	40	-
II.	INTEREST EXPENSE (-)	(2)	(336.921)	(230.082)	(176.704)	(114.772)
2.1	Interest on Deposits		-	-	-	-
2.2	Interest on Funds Borrowed		(303.421)	(226.061)	(161.033)	(112.880)
2.3	Interest Expense on Money Market Transactions		(19.619)	(2.365)	(10.908)	(1.046)
2.4	Interest on Securities Issued		-	-	-	-
2.5	Measured at Amortized Expense		(1.272)	(1.632)	(619)	(822)
2.6	Other Interest Expenses		(12.609)	(24)	(4.144)	(24)
III.	NET INTEREST INCOME (I - II)		623.804	306.956	333.240	153.265
IV.	NET FEES AND COMMISSIONS INCOME		5.202	11.962	6.311	8.209
4.1	Fees and Commissions Received		15.932	13.976	10.529	8.692
4.1.1	Non-cash Loans		3.036	496	1.573	337
4.1.2	Other		12.896	13.480	8.956	8.355
4.2	Fees and Commissions Paid		(10.730)	(2.014)	(4.218)	(483)
4.2.1	Non-cash Loans		-	-	-	-
4.2.2	Other		(10.730)	(2.014)	(4.218)	(483)
V.	DIVIDEND INCOME	(3)	15.725	1.035	15.047	1.035
VI.	TRADING PROFIT / (LOSS) (Net)	(4)	118.211	7.293	69.021	(1.124)
6.1	Trading Gains / (Losses) on Securities		117.494	5.858	62.612	(1)
6.2	Gains / (Losses) on Derivative Financial Transactions		867	(37.895)	7.052	(8.174)
6.3	Foreign Exchange Gains / (Losses)		(150)	39.330	(643)	7.051
VII.	OTHER OPERATING INCOME	(5)	31.439	60.110	20.600	43.306
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		794.381	387.356	444.219	204.691
IX.	EXPECTED CREDIT LOSS (-)	(6)	(168.962)	(51.311)	(103.723)	(15.579)
X.	OTHER PROVISION EXPENSE (-)	(6)	(22.746)	(37.392)	(10.926)	(29.118)
XI.	PERSONNEL EXPENSE (-)		(45.708)	(39.180)	(23.115)	(19.200)
XII.	OTHER OPERATING EXPENSES (-)	(7)	(24.776)	(21.662)	(12.931)	(10.011)
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		532.189	237.811	293.524	130.783
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(8)	532.189	237.811	293.524	130.783
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(123.428)	(47.209)	(82.654)	(30.494)
18.1	Current Tax Provision		(143.296)	(59.085)	(95.524)	(33.270)
18.2	Deferred Tax Income Effect (+)		-	-	-	-
18.3	Deferred Tax Expense Effect (-)		19.868	11.876	12.870	2.776
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(10)	408.761	190.602	210.870	100.289
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
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		-	-	-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
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		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/(LOSS) (XIX+XXIV)	(11)	408.761	190.602	210.870	100.289
25.1	Earnings/(Loss) per share (in TL full)		0,0025548	0,0022424	0,0013179	0,0011799

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Unconsolidated Statement of Profit or Loss and Other Comprehensive Income As of 30 June 2021**

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed Current Period 1 January-30 June 2021	Reviewed Prior Period 1 January-30 June 2020
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>408.761</b>	<b>190.602</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(16.646)</b>	<b>(5.979)</b>
2.1	<b>Not Reclassified to Profit or Loss</b>	660	(441)
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	825	(538)
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	(165)	97
<b>2.2</b>	<b>Reclassified to Profit or Loss</b>	<b>(17.306)</b>	<b>(5.538)</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	(23.138)	(6.756)
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	5.832	1.218
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>392.115</b>	<b>184.623</b>

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**
**Unconsolidated Statement of Changes in Shareholders' Equity As of 30 June 2021**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Paid-in Capital	Share Premium	Share Certificate Cancel Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss						Profit Reserves	Prior Period Net Income/(Loss)	Current Period Net Income/(Loss)	Total Equity
						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
						1	2	3	4	5	6				
	Prior Period 30 June 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
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
IV.	Total comprehensive income (loss)	-	-	-	-	-	(441)	-	-	(5.538)	-	-	-	190.602	184.623
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	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	-	(289)	-	-	30.666	-	682.612	579.388	190.602	2.541.036
	Current Period 30 June 2021														
I.	Balance at the beginning of the period	1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	501.840	-	3.588.199
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	501.840	-	3.588.199
IV.	Total comprehensive income (loss)	-	-	-	-	-	660	-	-	(17.306)	-	-	-	408.761	392.115
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	312	-	-	(2.392)	-	1.763.876	-	408.761	3.980.314

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 financial statements.



**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Unconsolidated Statement of Cash Flows As of 30 June 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

<b>VI. STATEMENT OF CASH FLOWS</b>		
	<b>Reviewed Current Period 1 January-30 June 2021</b>	<b>Reviewed Prior Period 1 January-30 June 2020</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>354.646</b>	<b>188.789</b>
1.1.1 Interest Received	848.189	501.848
1.1.2 Interest Paid	(255.270)	(196.651)
1.1.3 Dividend Received	15.725	1.035
1.1.4 Fees and Commissions Received	15.932	13.976
1.1.5 Other Income	127.425	34.493
1.1.6 Collections from Previously Written-off Loans and Other Receivables	8.278	13.337
1.1.7 Payments to Personnel and Service Suppliers	(86.616)	(57.016)
1.1.8 Taxes Paid	(97.806)	(71.386)
1.1.9 Other	(221.211)	(50.847)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>(128.527)</b>	<b>(37.889)</b>
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	13.536	17.940
1.2.2 Net (increase) / decrease in due from banks and other financial institutions	-	-
1.2.3 Net (increase) / decrease in loans	(1.001.789)	176.923
1.2.4 Net (increase) / decrease in other assets	(33.222)	15.581
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	509.345	(337.725)
1.2.9 Net increase / (decrease) in payables	-	-
1.2.10 Net increase / (decrease) in other liabilities	383.603	89.392
<b>I. Net Cash Provided from Banking Operations</b>	<b>226.119</b>	<b>150.900</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>II. Net Cash Provided from Investing Activities</b>	<b>(765.076)</b>	<b>(259.521)</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries	(1.200)	(50)
2.2 Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3 Purchases of property and equipment	(2.060)	(1.926)
2.4 Disposals of property and equipment	9.845	44.316
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(1.341.984)	(298.124)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	572.891	177.872
2.7 Purchase of Financial Assets Measured at Amortised Cost	(7.564)	(195.047)
2.8 Sale of Financial Assets Measured at Amortised Cost	9.231	26.151
2.9 Other	(4.235)	(12.713)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Provided from Financing Activities</b>	<b>(3.222)</b>	<b>(3.212)</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	(3.222)	(3.212)
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>217.081</b>	<b>80.593</b>
<b>V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>(325.098)</b>	<b>(31.240)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	<b>5.057.279</b>	<b>2.470.569</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	<b>4.732.181</b>	<b>2.439.329</b>

The accompanying explanations and notes form an integral part of these 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 Bank prepares its 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 1 February 2019, accompanying 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 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 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 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 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 as a pandemic on March 11, 2020 by the World Health Organization. In order to keep the negative economic effects of the epidemic to minimum, some measures are taken both in our country and around the world. The effects of these developments on the Bank's financial status and activities are closely monitored by the relevant units and the Bank's Top Management.

#### **II. Basis of Valuation Used in the Preparation of Financial Statements:**

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

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

Most of the liabilities of the balance sheet of the Bank consists 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 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 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 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 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 Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.
- b. There are 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.

**IV. Explanations on Associates and Subsidiaries:**

Associates and subsidiaries are accounted at cost in the unconsolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Notes to the Unconsolidated Financial Statements As of 30 June 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)  
**SECTION THREE (Continued)**  
**ACCOUNTING POLICIES (Continued)**

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

The 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.

**VI. 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 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.

The Bank does not cancel the interest accruals and discounts 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 discounts added amounts.

**VII. 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.

**VIII. Explanations on Financial Assets:**

Financial assets mainly constitute the Bank’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 Bank 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.

**VIII. Explanations on Financial Assets (Continued):**

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 security 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 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)**

**VIII. 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.

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Financial Assets (Continued):**

The loan portfolio is regularly monitored by the 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.

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

As of 1 January 2019, the Bank recognizes 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 and 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 without incurring excessive cost or effort as of the reporting date.

Taking into consideration these three factors, the 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.

**ACCOUNTING POLICIES (Continued)**

**IX. 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 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 Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the 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 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 Bank to classify the assets in this portfolio under Phase 1 until an opposite assessment is made.



**ACCOUNTING POLICIES (Continued)**

**IX. 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**

“When defining the default for the purpose of determining the default risk according to TFRS 9, the entity 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 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 bank for collateral
- Customers considered to be at high risk by the bank

With the BRSA’s decisions numbered 8948 dated 17 March 2020, numbered 8970 dated 27 March 2020, numbered 9312 dated 8 December 2020 and numbered 9624 dated 17 June 2021, 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 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 the expected loan loss that may arise from the possible default status of the loan within 12 months of the reporting date.

**ACCOUNTING POLICIES (Continued)**

**IX. 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 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.

**ACCOUNTING POLICIES (Continued)**

**IX. 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 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 cannot 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.

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

Financial assets and liabilities are offset on balance sheet when the Bank 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.

**XI. Explanations on Sales and Repurchase Agreements and Lending of Securities:**

Securities sold in repurchase agreements (repo) are followed 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 or at discounted values using effective interest rate method according to the holding purposes in the Bank 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.

**ACCOUNTING POLICIES (Continued)**

**XII. 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 are 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 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 Bank has no discontinued operations.

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

As at the balance sheet date, there is no goodwill recorded in the unconsolidated 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)**

**XIV. 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 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)**

**XV. Explanations on Leasing Transactions:**

The “TFRS 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 “TFRS 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 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 depredation 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. TFRS 16 has made exemptions for leases of 12 months or less and leases related to low value assets.

The Bank, 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 Bank's TL alternative source cost.

The Bank as a lessor

According to the “TFRS 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 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)**

**XVI. 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.

**XVII. 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 Bank personnel are members. However, some personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the 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 Bank 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 No: 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 30 June 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 4,28% (31 December 2020: 2,4%). As the maximum liability is revised semiannually, the maximum amount of full TL 8.284,51 effective from 1 June 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)**

**XVIII. Explanations on Taxation:**

*Current Tax*

According to 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. According to the new law, temporary tax calculations for the current period have been made by 25%. 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 exempted 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 warrantors' 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)**

**XVIII. 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 enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period.

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)**

**XIX. Additional Explanations on Borrowings:**

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

**XX. Explanations on Shares Issued:**

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

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

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

**XXII. Explanations on Government Incentives:**

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

**XXIII. Explanations on Segment Reporting:**

As part of its mission, the 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 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 30 June 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 (30.06.2021)</b>	<b>Investment Banking (Treasury)</b>	<b>Corporate Banking</b>	<b>Other</b>	<b>Total Operations of the Bank</b>
Interest income	395.021	230.013	(1.230)	623.804
Net fees and commissions income	(10.730)	14.809	1.123	5.202
Other operating income	118.361	47.385	830	166.576
Other operating expense	(1.201)	(168.962)	(93.230)	(263.393)
Profit before tax	501.451	123.245	(92.507)	532.189
Tax provision	-	-	(123.428)	(123.428)
<b>Net profit for the period</b>	<b>501.451</b>	<b>123.245</b>	<b>(215.935)</b>	<b>408.761</b>
<b>Current Period (31.06.2021)</b>				
Segment Assets	8.569.369	24.291.442	101.446	32.962.257
Associates and subsidiaries	-	21.743	-	21.743
<b>Total Assets</b>	<b>8.569.369</b>	<b>24.313.185</b>	<b>101.446</b>	<b>32.984.000</b>
Segment Liabilities	220.896	28.412.192	370.598	29.003.686
Shareholders' equity	-	-	3.980.314	3.980.314
<b>Total Liabilities</b>	<b>220.896</b>	<b>28.412.192</b>	<b>4.350.912</b>	<b>32.984.000</b>

<b>Prior Period (30.06.2020)</b>	<b>Investment Banking (Treasury)</b>	<b>Corporate Banking</b>	<b>Other</b>	<b>Total Operations of the Bank</b>
Interest income	157.014	151.552	(1.610)	306.956
Net fees and commissions income	(2.014)	13.852	124	11.962
Other operating income	-	96.427	648	97.075
Other operating expense	(28.637)	(70.692)	(78.853)	(178.182)
Profit before tax	126.363	191.139	(79.691)	237.811
Tax provision	-	-	(47.209)	(47.209)
<b>Net profit for the period</b>	<b>126.363</b>	<b>191.139</b>	<b>(126.900)</b>	<b>190.602</b>
<b>Prior Period (31.12.2020)</b>				
Segment Assets	7.723.411	20.263.386	66.030	28.052.827
Associates and subsidiaries	-	20.543	-	20.543
<b>Total Assets</b>	<b>7.723.411</b>	<b>20.283.929</b>	<b>66.030</b>	<b>28.073.370</b>
Segment Liabilities	205.425	24.012.247	267.499	24.485.171
Shareholders' equity	-	-	3.588.199	3.588.199
<b>Total Liabilities</b>	<b>205.425</b>	<b>24.012.247</b>	<b>3.855.698</b>	<b>28.073.370</b>

## SECTION FOUR

### INFORMATION ON FINANCIAL STRUCTURE

#### I. Explanations on Equity:

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 Bank's equity amount as of 30 June 2021 is TL 6.406.669 TL, (31 December 2020: TL 5.651.910) and its capital adequacy ratio is 19,97% (31 December 2020: 22,35%). The capital adequacy ratio of the Bank is above the minimum ratio determined by the relevant legislation.

#### Information on Equity Items:

Current Period (30.06.2021)	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	1.763.876	
Other Comprehensive Income according to TAS	13.283	
Profit	408.761	
Net profit for the period	408.761	
Retained Earnings	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>3.995.677</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 (-)	17.831	-
Leasehold Improvements on Operational Leases (-)	3.874	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	20.487	-
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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

**Information on 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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-	-
Mortgage Servicing Rights not deducted	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	43.525	-
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>85.717</b>	
<b>Total Common Equity Tier I Capital</b>	<b>3.909.960</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)	1.553.025	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)	-	
<b>Additional Tier 1 Capital Before Deductions</b>	<b>1.553.025</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 Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

**Information on 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>1.553.025</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>5.462.985</b>	
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	581.105	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	362.578	
<b>Total Deductions from Tier II Capital</b>	<b>943.683</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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>943.683</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>6.406.668</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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

**Information on 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>13.283</b>	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
<b>CAPITAL</b>		
Total Capital ( Total of Tier I Capital and Tier II Capital )	6.406.668	-
Total Risk Weighted Assets	32.077.982	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET1 Capital Ratio (%)	12,19	-
Tier I Capital Ratio (%)	17,03	-
Capital Adequacy Ratio (%)	19,97	-
<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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

**Information on 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)	362.578	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	362.578	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	42.345	-
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 (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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

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

<b>Prior Period (31.12.2020)</b>	<b>Amount</b>	<b>Amount Related to Practice Before 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	501.840	
Net profit for the period	501.840	
Retained Earnings	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>3.592.471</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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

**Information on 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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	17.990	-
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>40.520</b>	
<b>Total Common Equity Tier I Capital</b>	<b>3.551.951</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)	-	-
<b>Additional Tier 1 Capital Before Deductions</b>	<b>1.371.165</b>	
<b>Deductions From Additional Tier 1 Capital</b>	<b>-</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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

**Information on 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 Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	-	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy 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>4.923.116</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)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	215.737	
<b>Total Deductions from Tier II Capital</b>	<b>728.794</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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

**Information on 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>728.794</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>5.651.910</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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
<b>Capital</b>		
Total Capital ( Total of Tier I Capital and Tier II Capital )	5.651.910	-
Total Risk Weighted Assets	25.291.162	-
<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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

**Information on 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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	215.737	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	215.737	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	22.477	-
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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued)**

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

<b>Current Period(30.06.2021)</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>	312	-	312
<b>4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss</b>	(2.392)	15.675	13.283
<b>5.Profit Reserves</b>	1.763.876	-	1.763.876
<b>6.Profit or Loss</b>	408.761	-	408.761
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	408.761	-	408.761
Deductions from Common Equity Tier I Capital (-)	-	(86.029)	(86.029)
<b>Common Equity Tier I Capital</b>	<b>3.980.314</b>	<b>(70.354)</b>	<b>3.909.960</b>
Subordinated Loans	-	1.553.025	1.553.025
Deductions from Tier I capital (-)	-	-	-
<b>Tier I Capital</b>	<b>3.980.314</b>	<b>1.482.671</b>	<b>5.462.985</b>
Subordinated Loans	-	581.105	581.105
General Provisions	-	362.578	362.578
Deductions from Tier II capital (-)	-	-	-
<b>Tier II Capital</b>	<b>-</b>	<b>943.683</b>	<b>943.683</b>
Deductions from Total Capital (-)	-	-	-
<b>Total</b>	<b>3.980.314</b>	<b>2.426.354</b>	<b>6.406.668</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued):**

**Explanations on the reconciliation of 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>	501.840	-	501.840
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	501.840	-	501.840
Deductions from Common Equity Tier I Capital (-)	-	(40.172)	(40.172)
<b>Common Equity Tier I Capital</b>	<b>3.588.199</b>	<b>(36.248)</b>	<b>3.551.951</b>
Subordinated Loans	-	1.371.165	1.371.165
Deductions from Tier I capital (-)	-	-	-
<b>Tier I Capital</b>	<b>3.588.199</b>	<b>1.334.917</b>	<b>4.923.116</b>
Subordinated Loans	-	513.057	513.057
General Provisions	-	215.737	215.737
Deductions from Tier II capital (-)	-	-	-
<b>Tier II Capital</b>	<b>-</b>	<b>728.794</b>	<b>728.794</b>
Deductions from Total Capital (-)	-	-	-
<b>Total</b>	<b>3.588.199</b>	<b>2.063.711</b>	<b>5.651.910</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued):**

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

<b>Current Period (30.06.2021)</b>	
Issuer	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN vb.)	-
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	Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	581
Nominal value of instrument (TL million)	581
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, write down 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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued):**

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

<b>Prior Period (31.12.2020)</b>	
Issuer	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN vb.)	-
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	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, write-down 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.

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**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued):**

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

<b>Current Period (30.06.2021)</b>	
Issuer	Bank / TWF
Identifier (CUSIP, ISIN vb.)	-
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	Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.553
Nominal value of instrument (TL million)	1.553
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 (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, write-down 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	Complies with the requirements of Article 7 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 7 of the Regulation on Equity of Banks.

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**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations on Equity (Continued):**

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

<b>Prior Period (31.12.2020)</b>	
Issuer	Bank / TWF
Identifier (CUSIP, ISIN vb.)	-
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	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 (There is an early payment option after 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, write-down 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	Complies with the requirements of Article 7 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 7 of the Regulation on Equity of Banks.

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**II. Explanations Related to Currency Risk:**

The 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 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 Bank daily 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 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 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>
30/06/2021	8,7004	10,3535	7,8794
29/06/2021	8,6702	10,3323	7,8513
28/06/2021	8,6956	10,3721	7,8622
25/06/2021	8,6441	10,3262	7,8058
24/06/2021	8,6083	10,2731	7,7734

The simple arithmetic average of the last thirty-day rates as of 30 June 2021; USD: 8,575617 TL, Euro: 10,330780 TL, 100 JPY: 7,804127 TL'.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**II. Explanations Related to Currency Risk (Continued):**

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

<b>Current Period(30.06.2021)</b>	<b>Euro</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	940.819	812.140	674	1.753.633
Financial assets at fair value through profit and loss	258.059	-	-	258.059
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	862.962	305.611	-	1.168.573
Loans	8.492.088	13.977.846	-	22.469.934
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	1.867.223	-	-	1.867.223
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	9.757	44.257	-	54.014
<b>Total assets</b>	<b>12.430.908</b>	<b>15.139.854</b>	<b>674</b>	<b>27.571.436</b>
Liabilities				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	9.925.443	14.531.428	-	24.456.871
Marketable securities issued	-	-	-	-
Sundry creditors	2.295.601	-	-	2.295.601
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	132.775	179.789	-	312.564
<b>Total liabilities</b>	<b>12.353.819</b>	<b>14.711.217</b>	<b>-</b>	<b>27.065.036</b>
Net balance sheet position	77.089	428.637	674	506.400
Net off-balance sheet position	-	(609.028)	-	(609.028)
Assets on derivative instruments	-	-	-	-
Liabilities on derivative instruments	-	(609.028)	-	(609.028)
Non-cash loans	648.129	11.380	-	659.509
<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

(\*) The foreign currencies presented in the other FC column of assets comprise 15% GBP, 51% CHF, 33% JPY.

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations Related to Interest Rate Risk:**

The interest rate risk indicates the probability of loss that the 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 Bank's balance sheet and on the Bank's income-loss balance. Sudden interest shocks in the market because the 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 Bank interest income to be adversely affected by fluctuations in market interest rates and may cause decrease in profitability of the Bank.

The 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 are 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 Bank.

Within the framework of the 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 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 Bank. For this reason, the 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 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 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 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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations Related to 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 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 (30.06.2021)</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest 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>	-	-	-	-	-	1.340	1.340
Banks <sup>(1)</sup>	4.166.708	-	-	-	-	20.588	4.187.296
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	258.059	258.059
Money Market Placements	554.940	-	-	-	-	-	554.940
Financial Assets Measured at Fair Value Through Other Comprehensive Income <sup>(3)</sup>	262.801	45.648	820.943	696.214	-	14.990	1.840.596
Loans <sup>(2)</sup>	5.428.590	3.675.344	7.226.889	2.780.154	4.771.896	47.273	23.930.146
Financial Assets Measured at Amortised Cost	-	-	-	1.988.755	10.222	-	1.998.977
Other Assets <sup>(4) (5)</sup>	1.209	-	-	-	-	211.437	212.646
<b>Total Assets <sup>(6)</sup></b>	<b>10.414.248</b>	<b>3.720.992</b>	<b>8.047.832</b>	<b>5.465.123</b>	<b>4.782.118</b>	<b>553.687</b>	<b>32.984.000</b>
<b>Liabilities</b>							
Interbank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	219.955	-	-	-	-	-	219.955
Sundry Creditors	-	-	-	-	-	177.362	177.362
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	5.135.571	5.313.742	8.555.625	3.534.397	3.187.418	-	25.726.753
Other Liabilities <sup>(4)</sup>	209.079	-	-	-	-	6.650.851	6.859.930
<b>Total Liabilities</b>	<b>5.564.605</b>	<b>5.313.742</b>	<b>8.555.625</b>	<b>3.534.397</b>	<b>3.187.418</b>	<b>6.828.213</b>	<b>32.984.000</b>
<b>Long Position On Balance Sheet</b>	<b>4.849.643</b>	<b>-</b>	<b>-</b>	<b>1.930.726</b>	<b>1.594.700</b>	<b>-</b>	<b>8.375.069</b>
<b>Short Position On Balance Sheet</b>	<b>-</b>	<b>(1.592.750)</b>	<b>(507.793)</b>	<b>-</b>	<b>-</b>	<b>(6.274.526)</b>	<b>(8.375.069)</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>4.849.643</b>	<b>(1.592.750)</b>	<b>(507.793)</b>	<b>1.930.726</b>	<b>1.594.700</b>	<b>(6.274.526)</b>	<b>-</b>

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

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

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

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

<sup>(5)</sup> Leasing receivables (28TL) are shown in other assets.

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

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**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations Related to 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 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest 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>	-	-	-	-	-	1.125	1.125
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) (5)</sup>	43	-	-	-	-	156.546	156.589
<b>Total Assets <sup>(6)</sup></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>386.171</b>	<b>28.073.370</b>
<b>Liabilities</b>							
Interbank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	205.378	-	-	-	-	-	205.378
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>	83.350	-	-	-	-	5.814.871	5.898.221
<b>Total Liabilities</b>	<b>4.760.274</b>	<b>3.974.662</b>	<b>6.690.060</b>	<b>3.846.572</b>	<b>2.861.077</b>	<b>5.940.725</b>	<b>28.073.370</b>
<b>Long Position On Balance Sheet</b>	<b>6.564.979</b>	<b>-</b>	<b>-</b>	<b>522.331</b>	<b>3.113.726</b>	<b>-</b>	<b>10.201.036</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>(5.554.554)</b>	<b>(10.201.036)</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>6.564.979</b>	<b>(1.453.553)</b>	<b>(3.192.929)</b>	<b>522.331</b>	<b>3.113.726</b>	<b>(5.554.554)</b>	<b>-</b>

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

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

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

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

<sup>(5)</sup> Leasing receivables (30 TL) are shown in other assets.

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



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations Related to Interest Rate Risk (Continued):**

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

<b>End of the Current Period (30.06.2021)</b>	<b>EURO</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets (*)</b>				
Cash (Cash in vault, effectives, money in transit, checks purchased) and balances with the CBRT	-	-	-	-
Banks	1,35	1,74	-	19,13
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	19,04
Financial assets measured at fair value through other comprehensive income	2,47	5,20	-	10,81
Loans	3,29	4,18	-	15,07
Financial assets measured at amortised cost	5,14	-	-	3,26
<b>Liabilities (*)</b>				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	18,49
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	0,01	0,10	-	13,24
Funds provided from other financial institutions	1,18	2,14	-	12,07

(\*) Ratios shown in the table are calculated by using 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	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

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**IV. Explanations Related to Equity Securities in Banking Book:**

None.

**V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio:**

**1.Liquidity risk management**

The 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 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 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 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 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 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 Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the 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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):**

**1. Liquidity risk management (Continued):**

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 unconsolidated 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. Daily balance sheets and duration calculations are followed in daily basis report. On weekly reports, 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 Riskiness 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 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 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. 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 Unconsolidated Report)</b>			
	FC	Date	FC+TL	Date
<b>Current Period (30.06.2021)</b>				
Maximum (%)	117,21	23.04.2021	345,04	16.04.2021
Minimum (%)	96,58	25.06.2021	209,62	25.06.2021

**SECTION FOUR (Continued))**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):**

**2. Liquidity coverage ratio (Continued):**

	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
Current Period (30.06.2021)	TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>			<b>1.148.546</b>	<b>341.060</b>
Total high-quality liquid assets (HQLA)			1.148.546	341.060
<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	454.171	377.911	321.695	262.642
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	454.171	377.911	321.695	262.642
Secured wholesale funding			-	-
Other cash outflows	319.300	234.773	319.300	234.773
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	319.300	234.773	319.300	234.773
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	8.463.415	3.950.098	423.171	197.505
Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>TOTAL CASH OUTFLOWS</b>			<b>1.064.166</b>	<b>694.920</b>
<b>CASH INFLOWS</b>				
Secured receivables	-	-	-	-
Unsecured receivables	3.590.845	1.660.057	3.509.838	1.592.071
Other cash inflows	322.943	89.498	322.943	89.498
<b>TOTAL CASH INFLOWS</b>	<b>3.913.788</b>	<b>1.749.555</b>	<b>3.832.781</b>	<b>1.681.569</b>
			Total Adjusted Value	
<b>TOTAL HIGH-QUALITY LIQUID ASSETS</b>			<b>1.148.546</b>	<b>341.060</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>614.000</b>	<b>324.242</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>187,06</b>	<b>105,19</b>

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):**

**2. Liquidity coverage ratio (Continued):**

	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
Prior Period(31.12.2020)	TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>			<b>3.049.185</b>	<b>355.436</b>
Total high-quality liquid assets (HQLA)			3.049.185	355.436
<b>CASH OUT FLOWS</b>				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	575.752	349.552	459.753	248.379
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	575.752	349.552	459.753	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>999.793</b>	<b>616.546</b>
<b>CASH INFLOWS</b>				
Secured receivables	-	-	-	-
Unsecured receivables	2.175.448	1.170.064	2.073.819	1.069.995
Other cash inflows	205.314	130.643	205.314	130.643
<b>TOTAL CASH INFLOWS</b>	<b>2.380.762</b>	<b>1.300.707</b>	<b>2.279.133</b>	<b>1.200.638</b>
			Total Adjusted Value	
<b>TOTAL HIGH-QUALITY LIQUID ASSETS</b>			<b>3.049.185</b>	<b>355.436</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>475.246</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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):**

**3. Explanations related to liquidity coverage ratio**

**Significant factors that impact the result of 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 Bank is mid-long-term loans from International Financial Institutions. The share of these resources in all funds is approximately 89%. 2,2% of the Bank's total funding consists of funds, 8% consists of subordinated debt instruments and 0,8% is provided from money markets.

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

Derivative transactions of the 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 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 liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.**

None.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations Related to 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(30.06.2021)</b>								
<b>Assets</b>								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	1.340	-	-	-	-	-	-	1.340
Banks	20.588	4.166.708	-	-	-	-	-	4.187.296
Financial Assets at Fair Value through Profit/Loss	258.059	-	-	-	-	-	-	258.059
Interbank Money Market Placements	-	554.940	-	-	-	-	-	554.940
Financial Assets Measured at Fair Value Through Other Comprehensive Income	14.990	57.794	52.411	854.885	680.997	179.519	-	1.840.596
Loans <sup>(2)</sup>	-	314.209	485.718	2.839.603	14.571.910	5.671.433	47.273	23.930.146
Financial Assets Measured at Amortised Cost	-	-	22.837	2.094	1.964.043	10.003	-	1.998.977
Other Assets <sup>(2)</sup>	-	1.209	-	-	-	-	211.437	212.646
<b>Total Assets<sup>(3)</sup></b>	<b>294.977</b>	<b>5.094.860</b>	<b>560.966</b>	<b>3.696.582</b>	<b>17.216.950</b>	<b>5.860.955</b>	<b>258.710</b>	<b>32.984.000</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Other Funding	-	741.923	410.680	2.060.340	13.428.260	9.085.549	-	25.726.752
Interbank Money Market Takings	-	219.955	-	-	-	-	-	219.955
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	177.363	-	-	-	-	-	-	177.363
Other Liabilities <sup>(2)</sup>	171.341	203.067	88.438	-	-	-	6.397.084	6.859.930
<b>Total Liabilities</b>	<b>348.704</b>	<b>1.164.945</b>	<b>499.118</b>	<b>2.060.340</b>	<b>13.428.260</b>	<b>9.085.549</b>	<b>6.397.084</b>	<b>32.984.000</b>
<b>Liquidity Gap</b>	<b>(53.727)</b>	<b>3.929.915</b>	<b>61.848</b>	<b>1.636.242</b>	<b>3.788.690</b>	<b>(3.224.594)</b>	<b>(6.138.374)</b>	<b>-</b>
<b>Net Off-Balance Position</b>	<b>-</b>	<b>19.776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.776</b>
Derivative Financial Assets	-	629.367	-	-	-	-	-	629.367
Derivative Financial Liabilities	-	609.591	-	-	-	-	-	609.591
<b>Non-Cash Loans</b>	<b>61.958</b>	<b>-</b>	<b>38.308</b>	<b>-</b>	<b>53</b>	<b>621.201</b>	<b>-</b>	<b>721.520</b>
<b>Prior Period (31.12.2019)</b>								
Total Assets	161.494	5.259.329	420.322	2.810.557	14.098.588	5.098.401	224.679	28.073.370
Total Liabilities	206.542	659.829	372.646	1.656.992	12.034.620	7.453.292	5.689.449	28.073.370
<b>Liquidity Gap</b>	<b>(45.048)</b>	<b>4.599.500</b>	<b>47.676</b>	<b>1.153.565</b>	<b>2.063.968</b>	<b>(2.354.891)</b>	<b>(5.464.770)</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 be 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> Leasing receivables (TL 28) are shown 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)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VI. Explanation Related to 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 June 30, 2021, the Bank's leverage ratio calculated from the average of three months is 15,97% (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.

<b>On-balance sheet assets <sup>(*)</sup></b>	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	31.796.256	27.094.218
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	31.796.256	27.094.218
<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
Securities financing transaction exposure		
Risks from securities financing transaction exposure assets	31.212	99
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	31.212	99
<b>Off-balance sheet items</b>		
Gross notional amounts of off-balance sheet items	8.521.641	8.469.824
(Adjustments for conversion to credit equivalent amounts)	(6.958.266)	(6.906.300)
Total risks of off-balance sheet items	1.563.375	1.563.524
<b>Capital and total risks</b>		
Tier 1 capital	5.370.652	4.407.176
Total risks	33.631.872	28.779.959
<b>Leverage ratio</b>		
Leverage ratio	<b>15,97</b>	<b>15,29</b>

(\*) Calculated by taking the average of the last three months financial statements' data.



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to 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 2016 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 30 June 2021, as the 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 (30.06.2021)	Prior Period (31.12.2020)	Current Period (30.06.2021)
1	Credit risk (excluding counterparty credit risk) (CCR)	30.741.319	24.300.933	2.459.306
2	Of which standardized approach (SA)	30.741.319	24.300.933	2.459.306
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	25.660	10.520	2.053
5	Of which standardized approach for counterparty credit risk (SA-CCR)	25.660	10.520	2.053
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	57.200	26.800	4.576
17	Of which standardized approach (SA)	57.200	26.800	4.576
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	1.253.803	952.909	100.304
20	Of which basic indicator approach	1.253.803	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>32.077.982</b>	<b>25.291.162</b>	<b>2.566.239</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**2.Credit quality of assets:**

		Default	Non-Default	Provisions/Depreciation and Impairment	Net Value
		The gross amount in financial tables that valued according to TAS			
Current Period(30.06.2021)					
1	Loans	208.292	24.223.821	(501.967)	23.930.146
2	Debt Securities	-	3.829.976	(6.681)	3.823.295
3	Off-balance Receivables	2	721.518	(9.418)	712.102
4	Total	208.294	28.775.315	(518.066)	28.465.543

		Default	Non-Default	Provisions/Depreciation and Impairment	Net Value
		The gross amount in financial tables that valued according to TAS			
Prior Period (31.12.2020)					
1	Loans	218.511	20.184.212	(344.025)	20.058.698
2	Debt Securities	-	2.667.896	(1.732)	2.666.164
3	Off-balance Receivables	3	730.654	(11.048)	719.607
4	Total	218.514	23.582.762	(356.805)	23.444.469

**3. Changes in stocks of default loans and debt securities:**

<b>Current Period(30.06.2021)</b>		
1	Defaulted loans and debt securities at the end of prior reporting period	218.511
2	Defaulted loans and debt securities from last reporting period	393
3	Receivables that are not defaulted	(10.612)
4	Amounts written of	-
5	Other Changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	208.292

<b>Prior Period (31.12.2020)</b>		
1	Defaulted loans and debt securities at the end of prior reporting period	123.857
2	Defaulted loans and debt securities from last reporting period	131.002
3	Receivables that are not defaulted	(36.348)
4	Amounts written of	-
5	Other Changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	218.511

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**4.Credit risk mitigation techniques – Overview:**

	<b>Current Period (30.06.2021)</b>	Unsecured Receivables Valued Amount According to TAS	Receivables Secured by Collateral	Collateralized Amount of Receivables Secured by Collateral	Receivables Secured by Financial Guarantees	Collateralized Amount of Receivables Secured by Financial Guarantees	Receivables Secured by Credit Derivatives	Collateralized Amount of Receivables Secured by Credit Derivatives
1	Loans	690.957	23.741.156	% 100	-	-	-	-
2	Debt Securities	-	3.829.976	% 100	-	-	-	-
3	<b>Total</b>	<b>690.957</b>	<b>27.571.132</b>	<b>%100</b>	-	-	-	-
4	Defaulted	-	208.292	% 100	-	-	-	-

	<b>Prior Period (31.12.2020)</b>	Unsecured Receivables Valued Amount According to TAS	Receivables Secured by Collateral	Collateralized Amount of Receivables Secured by Collateral	Receivables Secured by Financial Guarantees	Collateralized Amount of Receivables Secured by Financial Guarantees	Receivables Secured by Credit Derivatives	Collateralized Amount of Receivables Secured by Credit Derivatives
1	Loans	47.362	20.355.361	% 100	-	-	-	-
2	Debt Securities	-	2.667.896	% 100	-	-	-	-
3	<b>Total</b>	<b>47.362</b>	<b>23.023.257</b>	<b>%100</b>	-	-	-	-
4	Defaulted	-	218.511	% 100	-	-	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**5. Standard approach – Risks mitigation affects and exposed credit risk:**

<b>Current Period (30.06.2021)</b>	<b>Exposures before CCF and CRM</b>		<b>Exposures post-CCF and CRM</b>		<b>RWA and RWA density</b>	
<b>Risk Classes</b>	<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>RWA</b>	<b>RWA density</b>
Exposures to sovereigns and their central banks	3.660.912	-	4.120.112	-	2.864.752	%69,5
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	10.548.709	1.298.432	12.001.243	9	8.885.741	%74,0
Exposures to corporates	18.507.733	6.295.301	17.273.220	702.357	17.975.577	%100,0
Retail Exposures	-	-	-	-	-	-
Exposures secured by residential property	50.454	-	50.454	-	28.575	%56,6
Exposures secured by commercial property	714.487	-	714.487	-	377.534	%52,8
Past-due items	47.273	-	47.273	-	23.637	%50,0
Exposures in high risk categories	258.059	24.529	258.059	24.529	423.881	%150,0
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Other exposures	191.163	-	191.163	-	187.281	%98,0
Shares	-	-	-	-	-	-
<b>Total</b>	<b>33.978.790</b>	<b>7.618.262</b>	<b>34.656.011</b>	<b>726.895</b>	<b>30.766.979</b>	<b>%87,0</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**5. Standard approach – Risks mitigation affects and exposed credit risk:**

<b>Prior Period (31.12.2020)</b>	<b>Exposures before CCF and CRM</b>		<b>Exposures post-CCF and CRM</b>		<b>RWA and RWA density</b>	
<b>Risk Classes</b>	<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>RWA</b>	<b>RWA density</b>
Exposures to sovereigns and their central banks	2.633.292	-	3.024.492	-	1.938.751	%64,1
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	9.667.952	9	9.887.442	9	7.121.138	%72,0
Exposures to corporates	14.258.338	8.475.932	13.059.117	713.735	13.772.852	%100,0
Retail Exposures	-	-	-	-	-	-
Exposures secured by residential property	40.916	-	40.916	-	23.097	%56,5
Exposures secured by commercial property	2.013.892	-	1.999.392	-	1.039.640	%52,0
Past-due items	68.132	-	68.133	-	66.804	%98,0
Exposures in high risk categories	119.725	24.399	119.725	24.399	216.185	%150,0
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Other exposures	137.350	-	137.350	-	132.985	%96,8
Shares	-	-	-	-	-	-
<b>Total</b>	<b>28.939.597</b>	<b>8.500.340</b>	<b>28.336.567</b>	<b>738.143</b>	<b>24.311.452</b>	<b>%83,6</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**6. Standard approach – Exposures by asset classes and risk weights:**

	Current Period(30.06.2021)										Total risk amount (post CCF and CRM)
	Risk Classes/Risk Weights	%0	%10	%20	%50 secured by property mortgage	%75	%100	%150	%200	Others	
1	Exposures to sovereigns and their central banks	1.255.360	-	-	-	-	2.864.752	-	-	-	4.120.112
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	555.289	-	3.087.685	180.148	-	8.178.130	-	-	-	12.001.252
7	Exposures to corporates	-	-	-	-	-	17.975.577	-	-	-	17.975.577
8	Retail Exposures	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	43.759	-	6.695	-	-	-	50.454
10	Exposures secured by commercial property	-	-	-	673.907	-	40.580	-	-	-	714.487
11	Past-due items	-	-	-	47.273	-	-	-	-	-	47.273
12	Exposures in high risk categories	-	-	-	-	-	-	282.588	-	-	282.588
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
16	Other exposures	3.881	-	-	-	-	187.282	-	-	-	191.163
17	Shares	-	-	-	-	-	-	-	-	-	-
18	<b>Total</b>	<b>1.814.530</b>	<b>-</b>	<b>3.087.685</b>	<b>945.087</b>	<b>-</b>	<b>29.253.016</b>	<b>282.588</b>	<b>-</b>	<b>-</b>	<b>35.382.906</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**6. Standard approach –Exposures by asset classes and risk weights:**

	Prior Period(31.12.2020)				%50 secured by property mortgage						Total risk amount (post CCF and CRM)
	Risk Classes/Risk Weights	%0	%10	%20		%75	%100	%150	%200	Others	
1	Exposures to sovereigns and their central banks	1.085.741	-	-	-	-	1.938.751	-	-	-	3.024.492
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	1.500.739	-	1.466.571	184.635	-	6.735.506	-	-	-	9.887.451
7	Exposures to corporates	-	-	-	-	-	13.772.852	-	-	-	13.772.852
8	Retail Exposures	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	35.638	-	5.278	-	-	-	40.916
10	Exposures secured by commercial property	-	-	-	1.919.505	-	79.887	-	-	-	1.999.392
11	Past-due items	-	-	-	2.659	-	65.474	-	-	-	68.133
12	Exposures in high risk categories	-	-	-	-	-	-	144.124	-	-	144.124
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
16	Other exposures	4.364	-	-	-	-	132.986	-	-	-	137.350
17	Shares	-	-	-	-	-	-	-	-	-	-
18	<b>Total</b>	<b>2.590.844</b>	<b>-</b>	<b>1.466.571</b>	<b>2.142.437</b>	<b>-</b>	<b>22.730.734</b>	<b>144.124</b>	<b>-</b>	<b>-</b>	<b>29.074.710</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**7. Counterparty credit risk(CCR) approach analysis:**

	<b>Current Period(30.06.2021)</b>	<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE(Effective Expected Positive Exposure)</b>	<b>Alpha used for computing Regulatory EAD</b>	<b>EAD post CRM</b>	<b>RWA</b>
<b>1</b>	Standardized approach CCR(for derivatives)	-	-	-	1,4	-	-
<b>2</b>	Internal model method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
<b>3</b>	Simple approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
<b>4</b>	Comprehensive approach for credit risk mitigation (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
<b>5</b>	Value at Risk (VaR) for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	43.374	22.498
<b>6</b>	<b>Total</b>	-	-	-	-		<b>22.498</b>



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**7. Counterparty credit risk(CCR) approach analysis:**

	<b>Prior Period (31.12.2020)</b>	Replacement cost	Potential future exposure	EEPE(Effective Expected Positive Exposure)	Alpha used for computing Regulatory EAD	EAD post CRM	RWA
<b>1</b>	Standardized approach CCR(for derivatives)	-	-	-	1,4	-	-
<b>2</b>	Internal model method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
<b>3</b>	Simple approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
<b>4</b>	Comprehensive approach for credit risk mitigation (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
<b>5</b>	Value at Risk (VaR) for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	25.419	6.047
<b>6</b>	<b>Total</b>	-	-	-	-		<b>6.047</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**8. Standard Approach -CCR exposures by risk class and risk weights:**

<b>Current Period (30.06.2021)</b>									
<b>Risk Weights/ Risk Classes</b>	<b>% 0</b>	<b>% 10</b>	<b>% 20</b>	<b>% 50</b>	<b>% 75</b>	<b>% 100</b>	<b>% 150</b>	<b>Other</b>	<b>Total credit exposure*</b>
Exposures to sovereigns and their central banks	15.814	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	6.328	-	-	21.232	-	-	22.498
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail Exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15.814</b>	<b>-</b>	<b>6.328</b>	<b>-</b>	<b>-</b>	<b>21.232</b>	<b>-</b>	<b>-</b>	<b>22.498</b>

(\*) Total credit risk is an amount related to equity adequacy calculation after counterparty credit risk measurements are applied.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**8. Standard Approach -CCR exposures by risk class and risk weights:**

<b>Prior Period (31.12.2020)</b>									
<b>Risk Weights/ Risk Classes</b>	<b>%0</b>	<b>% 10</b>	<b>% 20</b>	<b>% 50</b>	<b>% 75</b>	<b>% 100</b>	<b>% 150</b>	<b>Other</b>	<b>Total Credit risk</b>
Exposures to sovereigns and their central banks	18.958	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	517	-	-	5.944	-	-	6.047
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail Exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>18.958</b>	<b>-</b>	<b>517</b>	<b>-</b>	<b>-</b>	<b>5.944</b>	<b>-</b>	<b>-</b>	<b>6.047</b>

(\*) Total credit risk is an amount related to equity adequacy calculation after counterparty credit risk measurements are applied.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**9. Collaterals for CCR**

<b>Current Period (30.06.2021)</b>	<b>Collateral for derivative transactions</b>				<b>Other transaction collaterals</b>	
	<b>Fair value of collateral received</b>		<b>Fair value of collateral given</b>		<b>Fair value of collateral received</b>	<b>Fair value of collateral given</b>
	<b>Segregated</b>	<b>Unsegregated</b>	<b>Segregated</b>	<b>Unsegregated</b>		
Cash- domestic currency	-	-	-	-	-	-
Cash –foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	571.934	219.632
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>571.934</b>	<b>219.632</b>

<b>Prior Period (31.12.2020)</b>	<b>Collateral for derivative transactions</b>				<b>Other transaction collaterals</b>	
	<b>Fair value of collateral received</b>		<b>Fair value of collateral given</b>		<b>Fair value of collateral received</b>	<b>Fair value of collateral given</b>
	<b>Segregated</b>	<b>Unsegregated</b>	<b>Segregated</b>	<b>Unsegregated</b>		
Cash- domestic currency	-	-	-	-	-	-
Cash –foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	1.549.109	205.332
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>1.549.109</b>	<b>205.332</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Risk Management:(Continued)**

**10. Standard approach – Market risk:**

		<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
		<b>RAT</b>	<b>RAT</b>
	<b>Direct Products</b>		
1	Interest rate risk (general ve specific)	-	-
2	Equity risk (general ve specific)	-	-
3	Foreign exchange risk	57.200	26.800
4	Commodity risk	-	-
	<b>Options</b>		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	<b>Securitization</b>	-	-
9	<b>Total</b>	<b>57.200</b>	<b>26.800</b>

**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS**

**I. Explanations and Notes Related to Assets:**

**1. Information on financial assets:**

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

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

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	7	-	10	-
CBRT	1.334	-	1.116	-
Other	-	-	-	-
<b>Total</b>	<b>1.341</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 (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Unrestricted demand deposit	1.334	-	1.116	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
<b>Total</b>	<b>1.334</b>	<b>-</b>	<b>1.116</b>	<b>-</b>

**1.1.2. Information on banks:**

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Banks				
Domestic	2.442.844	1.683.378	1.451.203	2.007.772
Foreign	-	70.255	-	104.899
Foreign head office and branches	-	-	-	-
<b>Total</b>	<b>2.442.844</b>	<b>1.753.633</b>	<b>1.451.203</b>	<b>2.112.671</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE 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 (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Receivables from reverse repo transactions	555.290	-	1.500.739	-
<b>Total</b>	<b>555.290</b>	<b>-</b>	<b>1.500.739</b>	<b>-</b>

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

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash and balances with Central Bank	1	-	1	-
Banks	9.180	-	8.237	-
Receivables from money market	350	-	945	-
<b>Total</b>	<b>9.531</b>	<b>-</b>	<b>9.183</b>	<b>-</b>

**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 (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	219.632	-	205.332	-
Other	-	-	-	-
<b>Total</b>	<b>219.632</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 (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	54.026	-	63.299	-
Other	-	-	-	-
<b>Total</b>	<b>54.026</b>	<b>-</b>	<b>63.299</b>	<b>-</b>

**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to 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 (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Debt Securities	1.829.740	950.554
Quoted on a stock exchange	1.829.740	950.554
Unquoted	-	-
Share Certificates	17.800	17.800
Quoted on a stock exchange	-	-
Unquoted	17.800	17.800
Provision for impairment (-)	(6.944)	(2.812)
<b>Total</b>	<b>1.840.596</b>	<b>965.542</b>

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

	<b>Current Period (30.06.2021)</b>		<b>Prior Period (31.12.2020)</b>	
	TL	FC	TL	FC
Forward transactions	-	-	43	-
Swap transactions	1.209	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>1.209</b>	<b>-</b>	<b>43</b>	<b>-</b>

**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 Bank:**

	<b>Current Period (30.06.2021)</b>		<b>Prior Period (31.12.2020)</b>	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	40	-	385	-
<b>Total</b>	<b>40</b>	<b>-</b>	<b>385</b>	<b>-</b>



**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to 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 Current Period (30.06.2021)	Standard Loans	Loans under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
<b>Non-specialized loans</b>	<b>21.809.539</b>	<b>1.072.983</b>	<b>145.005</b>	<b>-</b>
Working capital loans	1.297.109	11.264	37.835	-
Export loans	26.269	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	1.994.752	-	-	-
Consumer loans	40	-	-	-
Credit cards	-	-	-	-
Other	18.491.369	1.061.719	107.170	-
<b>Special loans</b>	<b>978.216</b>	<b>158.875</b>	<b>59.203</b>	<b>-</b>
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>22.787.755</b>	<b>1.231.858</b>	<b>204.208</b>	<b>-</b>

Cash Loans Prior Period (31.12.2020)	Standard Loans	Loans under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised 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>
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>18.885.254</b>	<b>1.131.944</b>	<b>167.014</b>	<b>-</b>

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
First and Second Stage Expected Loss Reserves	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months expected credit losses	151.034	-	132.139	-
Significant increase in credit risk	-	189.914	-	61.508

**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to 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 (30.06.2021)</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	-	40	40
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	40	40
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>40</b>	<b>40</b>

**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to 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 FINANCIAL STATEMENTS (Continued)**

**I. Explanations and Notes Related to Assets (Continued):**

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

**2.1. Information 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 (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Domestic loans	24.223.821	20.184.212
International loans	-	-
<b>Total</b>	<b>24.223.821</b>	<b>20.184.212</b>

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

TL 3.797 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed at Group V. TL 3.797 default (Stage III) provision has been provided for this loan.

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Loans and other receivables with limited collectability	72.752	62.005
Loans and other receivables with doubtful collectability	-	-
Uncollectible loans and receivables	88.267	88.373
<b>Total</b>	<b>161.019</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 Loans with Limited Collectability</b>	<b>IV. Group Loans with Doubtful Collectability</b>	<b>V. Group Uncollectible Loans</b>
<b>Current Period (30.06.2021)</b>			
Gross amounts before specific provisions	118.212	-	90.080
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 FINANCIAL STATEMENTS (Continued)**

**I. Explanations and Notes Related to Assets (Continued):**

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

**2.1. Information 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>91.032</b>
Additions (+)	-	-	393
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	(2.334)	-	-
Collections (-)	(6.933)	-	(1.345)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Current Period End Balance (30.06.2021)</b>	<b>118.212</b>	-	<b>90.080</b>
Specific provision(-)	(72.752)	-	(88.267)
<b>Net Balance on Balance Sheet</b>	<b>45.460</b>	-	<b>1.813</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 (30.06.2021)</b>			
Interest accruals and rediscount with valuation differences	3.106	-	125
Provision amount (-)	(3.106)	-	(125)
<b>Net Balance</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>	-	-	-

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

Foreign currency loans which become non-performing loans are transferred to and monitored by bank in Turkish Lira.

**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to Assets (continued):**

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

**2.1. Information 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) (30.06.2021)</b>	<b>45.460</b>	<b>-</b>	<b>1.813</b>
Loans to Real Persons and Legal Entities (Gross)	118.212	-	90.080
Specific provisions (-)	(72.752)	-	(88.267)
Loans to Real Persons and Legal Entities (Net)	45.460	-	1.813
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 said 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 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 June 30, 2021, the Bank does not have any credits deducted from the records.

**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to Assets (Continued):**

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

**2.2. Information on finance lease receivables (Net):**

The Bank's receivables from leasing are TL 28 (31 December 2020 : 30 TL).

**2.3. Information on factoring receivables:**

None.

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

None.

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Government bonds	10.222	10.184
Treasury bills	-	-
Other government debt securities	-	-
<b>Total</b>	<b>10.222</b>	<b>10.184</b>

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Government bonds	2.000.237	1.717.342
Treasury bills	-	-
Other government debt securities	-	-
<b>Total</b>	<b>2.000.237</b>	<b>1.717.342</b>

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Debt Securities	2.000.237	1.717.342
Quoted on a stock exchange	2.000.237	1.717.342
Unquoted	-	-
Provision for impairment (-)	-	-
<b>Total</b>	<b>2.000.237</b>	<b>1.717.342</b>

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Balance at the beginning of the period	1.717.342	1.066.213
Foreign currency difference on monetary assets	224.915	391.586
Purchases during the year (*)	67.211	286.145
Disposals through sales and redemptions (**)	(9.231)	(26.602)
Provision for impairment (-)	-	-
<b>Current period end balance</b>	<b>2.000.237</b>	<b>1.717.342</b>

(\*)TL 41.917 arises from the rediscount increase in purchases.

(\*\*)Disposals through sales and redemptions 1.669 TL redemptions, 7.562 TL after coupon redemption rediscount and accrued interest reduction amounts.

**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to 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. General information on associates:**

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

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

**4.1.b. Financial statement information of associates order above:**

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	53.197	36.712	4.924	-	-	4.937	2.705	-
2	54.201	51.135	-	484	-	5.059	2.882	-

(\*) The financial information of Maksan A.Ş. and Türk Suudi Holding A.Ş. are provided from the unaudited financial statements as of 31 March 2021. Prior period information are provided from the unaudited financial statements as of 31 March 2020.

**4.1.c. Movement of associates:**

	Current Period (30.06.2021)	Prior Period (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	-	-
Disposal	-	-
TFRS 9 classification change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	2.733
<b>Current period end balance</b>	<b>18.693</b>	<b>18.693</b>
Capital commitments	-	-
Share percentage at the end of the current period (%)	-	-

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

None.

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

None.



**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to Assets (Continued):**

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

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

**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 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.

	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.b. Financial statement information regarding subsidiaries in the order above:**

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	58	50	-	-	-	-	-	-
2	4.517	2.186	716	93	-	(544)	(270)	-

(\*)The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. are provided from the audited financial statements as of 30 June 2021. Prior period information are provided from the audited financial statements as of 31 December 2020.

**4.2.c. Movement of subsidiaries:**

	Current Period (30.06.2021)	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>1.200</b>	<b>1.850</b>
Additions	1.200	1.850
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	-
<b>Current period end balance</b>	<b>3.050</b>	<b>1.850</b>
Capital commitments	-	-
Share percentage at the end of the current period (%)	100	100

**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to Assets (Continued):**

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

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	3.050	1.850

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

None.

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

None.

**5. 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.

**6. 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.

**7. Information on investment properties:**

None.

**8. Information on tax assets:**

None.

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

None.

**SECTION FIVE (Continued)**

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

**I. Explanations and Notes Related to Assets (Continued):**

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

As of 30 June 2021, the Bank has a deferred tax asset of TL 43.525. (31 December 2020: TL 17.990). 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 30 June 2021, the Bank has no tax assets calculated over the period loss or tax deduction. (31 December 2020: None).

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
<b>Deferred Tax Assets</b>		
From depreciations	-	169
From severance payments	2.650	2.084
Securities portfolio internal yield-exchange rate difference	1.915	3.058
Actuarial	-	82
Other non-financial treasury bills and government bonds	1.699	-
Personnel bonus premium provision	4.311	5.955
TFRS 9 Provision	49.024	12.434
Other	1.037	356
<b>Total Deferred Tax Assets</b>	<b>60.636</b>	<b>24.138</b>
<b>Deferred Tax Liabilities</b>		
From interest rediscounts	1.224	1.109
Actuarial differences	138	-
Financial institutions bills in securities portfolio	509	357
Other non-financial treasury bills and government bonds	-	4.499
TFRS 16 Leasing	116	174
Associates and subsidiaries	14.801	-
Other	323	9
<b>Total Deferred Tax Liability</b>	<b>17.111</b>	<b>6.148</b>
<b>Net Deferred Tax Asset /(Liabilities)</b>	<b>43.525</b>	<b>17.990</b>

**11. Information on other assets:**

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Inventory	174	165
Prepaid expenses	71.763	52.965
Temporary account debtor	1.495	753
Sundry receivables	11.140	220
<b>Total</b>	<b>84.572</b>	<b>54.103</b>

**SECTION FIVE (Continued)**

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

**II. Explanations and Notes Related to Liabilities:**

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

The Bank is not accepting deposits.

**2. Information on funds borrowed:**

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

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	1.249.373	-	782.206	-
From domestic banks and institutions	1.147	2.195.707	-	2.011.161
From foreign banks, institutions and funds	-	22.036.294	-	18.969.372
<b>Total</b>	<b>1.250.520</b>	<b>24.232.001</b>	<b>782.206</b>	<b>20.980.533</b>

(\*) The bills amounting to TL 2.100.483 (31 December 2020: 1.156.749 TL) 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 (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Short-term	-	168.445	-	94.126
Medium and long-term	1.250.520	24.063.556	782.206	20.886.407
<b>Total</b>	<b>1.250.520</b>	<b>24.232.001</b>	<b>782.206</b>	<b>20.980.533</b>

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

As the 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 (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Funds provided under repurchase agreements	219.955	-	205.378	-
<b>Total</b>	<b>219.955</b>	<b>-</b>	<b>205.378</b>	<b>-</b>

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

None.

**5. Explanations on funds:**

Of the TL 624.652 which was provided by the Bank (31 December 2020: TL 245.216), TL 1.608 is from the World Bank, TL 374 is from the European Investment Bank, TL 19.627 is from the Treasury and Ministry of Finance and TL 603.020 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 FINANCIAL STATEMENTS (Continued)**

**II. Explanations and Notes Related to Liabilities (Continued):**

**7. Information on derivative financial liabilities:**

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Forward transactions	-	-	47	-
Swap transactions	941	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>941</b>	<b>-</b>	<b>47</b>	<b>-</b>

**8. Information on factoring liabilities:**

None.

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

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
	Gross	Net	Gross	Net
Less than 1 year	6.878	4.807	6.573	4.219
1-4 years	8.671	7.396	11.412	9.356
More than 4 years	-	-	-	-
<b>Total</b>	<b>15.549</b>	<b>12.203</b>	<b>17.985</b>	<b>13.575</b>

**10. Negative differences table related to derivative financial instruments held for hedging purposes:**

The bank has no hedging derivative financial instruments.

**11. Explanations on Provisions:**

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

None (31 December 2020: None).

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

As of 30 June 2021, the first stage expected loss provision is TL 9.417 (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.

**11.c) Other provisions:**

- As of 30 June 2020, there are 281 lawsuits filed against the Bank and there is a risk amount of TL 7.589. The Bank allocated TL 2704 lawsuit provision for the lawsuits that are thought to be or are highly considered to be concluded against.
- The Bank accounts provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes in financial statements. As of 30 June 2021, the Bank allocated provision for employee benefits amounting to TL 6.086 (31 December 2020: TL 6.352), for unused vacation accruals amounting to TL 5405 (31 December 2020: TL 2.871) and for personnel premium-dividend provision amounting to TL 17.243 (31 December 2020: TL 29.774).

**SECTION FIVE (Continued)**

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

**II. Explanations and Notes Related to Liabilities (Continued)**

**12.a) Information on current tax liability:**

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

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
<b>Corporate Tax and Deferred Tax</b>				
Corporate tax payables	88.438	-	38.708	-
Deferred tax payables	-	-	-	-
<b>Total</b>	<b>88.438</b>	<b>-</b>	<b>38.708</b>	<b>-</b>

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

	Current Period (30.06.2021)	Prior Period (31.12.2020)
Corporate tax payable	88.438	38.708
Income tax withheld from wages	1.642	1.501
Taxation on income on marketable securities	129	141
Property tax	-	2
Banking insurance transaction tax (BITT)	3.006	1.712
Foreign exchange transaction tax	155	115
Value added tax payable	131	175
Stamp tax	111	64
Other	22	28
<b>Total</b>	<b>93.634</b>	<b>42.446</b>

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

	Current Period (30.06.2021)	Prior Period (31.12.2020)
Social security premiums- Employee	612	1.009
Social security premiums- Employer	896	1.477
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	25	-
Pension fund membership fees and provisions- Employer	32	-
Unemployment insurance- Employee	44	72
Unemployment insurance- Employer	87	144
Other	20	-
<b>Total</b>	<b>1.716</b>	<b>2.702</b>

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

None.

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

None.

**SECTION FIVE (Continued)**

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

**II. Explanations and Notes Related to Liabilities (Continued):**

**15. Information on subordinated loans:**

	Current Period (30.06.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	1.714.496	-	1.480.186
Subordinated loans	-	1.714.496	-	1.480.186
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	581.105	-	513.057
Subordinated loans	-	581.105	-	513.057
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.295.601</b>	<b>-</b>	<b>1.993.243</b>

**16. 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.

**17. Information on shareholder's equity:**

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

	Current Period (30.06.2021)	Prior Period (31.12.2020)
Common stock provision	1.600.000	1.600.000
Preferred stock provision	-	-

**17.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	10.000.000

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

None.

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

There is no increase from capital reserves.

**17.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 FINANCIAL STATEMENTS (Continued)**

**II. Explanations and Notes Related to Liabilities (Continued):**

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (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>

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (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>

**17.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.

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

The Bank has no preferred shares.

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

	<b>Current Period (30.06.2021)</b>		<b>Prior Period (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	(11.943)	9.551	4.509	10.405
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(11.943)</b>	<b>9.551</b>	<b>4.509</b>	<b>10.405</b>



**SECTION FIVE (Continued)**

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

**III. Explanations and Notes Related to Off-Balance Sheet Accounts**

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

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Forward asset purchase and sales commitments	58.256	-
Other irrevocable commitments	24.529	24.399
<b>Total</b>	<b>82.785</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 30 June 2021, the first stage expected loss provision is TL 9.417 (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 Bank has letters of credit commitments in the amount of TL 38.308 (31 December 2020: TL 33.822). There are no guarantees and bank loans.

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

Total amount of the Bank's letters of guarantee are TL 683.212 (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 (30.06.2021)</b>	<b>Prior Period (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	721.520	730.656
<b>Total</b>	<b>721.520</b>	<b>730.656</b>

**SECTION FIVE (Continued)**

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

**III. Explanations and Notes Related to Off-Balance Sheet Accounts (Continued):**

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

Derivative transactions of the Bank consists of swap purchasing and selling transactions. Swap transactions in TL, USD and EUR are shown in the table below as of 30 June 2021.

	Current Period (30.06.2021)				Prior Period (31.12.2020)			
	Demand Purchase	Demand Selling	Swap Purchase	Swap Selling	Demand Purchase	Demand Selling	Swap Purchase	Swap Selling
TL	-	-	542.363	87.567	7.424	7.386	-	-
USD	-	-	87.004	522.024	16.582	10.186	-	-
Euro	-	-	-	-	2.742	9.141	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>629.367</b>	<b>609.591</b>	<b>26.748</b>	<b>26.713</b>	<b>-</b>	<b>-</b>

**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 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 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 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 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 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 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 9 December 2019, EUR 300.000 on 4 May 2021.

With reference to the above capital contributions, out of the Bank's total commitment of EUR 3 million, EUR 1.245.000 have been paid, EUR 1.755.000 is not yet paid as of the balance sheet date.

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

The 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 FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and Notes Related to Statement of Profit or Loss:**

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

	Current Period (30.06.2021)		Prior Period (30.06.2020)	
	TL	FC	TL	FC
<b>Interest on loans<sup>(*)</sup></b>				
Short term loans	21	1.097	183	2.289
Medium and long term loans	105.458	421.521	22.260	352.044
Interest on non-performing loans	17.946	-	861	-
<b>Total</b>	<b>123.425</b>	<b>422.618</b>	<b>23.304</b>	<b>354.333</b>

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

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

	Current Period (30.06.2021)		Prior Period (30.06.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	168.458	10.644	59.156	2.357
From foreign banks	-	7	-	49
From foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>168.458</b>	<b>10.651</b>	<b>59.156</b>	<b>2.406</b>

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

	Current Period (30.06.2021)		Prior Period (30.06.2020)	
	TL	FC	TL	FC
From financial assets at fair value through profit and loss	-	-	-	-
Financial assets measured at fair value through other comprehensive income	64.596	13.245	40.869	5.571
Financial assets measured at amortised cost	12.588	42.561	5.951	28.231
<b>Total</b>	<b>77.184</b>	<b>55.806</b>	<b>46.820</b>	<b>33.802</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 (30.06.2021)		Prior Period (30.06.2020)	
	TL	FC	TL	FC
Money market transactions	-	-	80	-
Reverse repurchase agreements	102.541	-	17.115	-
<b>Total</b>	<b>102.541</b>	<b>-</b>	<b>17.195</b>	<b>-</b>

**SECTION FIVE (Continued)**

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

**IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):**

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

	Current Period (30.06.2021)		Prior Period (30.06.2020)	
	TL	FC	TL	FC
Banks <sup>(*)</sup>	60.265	364	7	522
Central Bank of the Republic of Turkey	60.265	-	-	-
Domestic banks	-	364	7	522
Foreign banks	-	-	-	-
Foreign head office and branches	-	-	-	-
Other Institutions <sup>(*)</sup>	760	242.032	500	225.032
<b>Total</b>	<b>61.025</b>	<b>242.396</b>	<b>507</b>	<b>225.554</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 Bank has no securities issued.

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

	Current Period (30.06.2021)		Prior Period (30.06.2020)	
	TL	FC	TL	FC
Money market transactions	57	-	8	-
Repurchase agreements	19.562	-	2.357	-
<b>Total</b>	<b>19.619</b>	<b>-</b>	<b>2.365</b>	<b>-</b>

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

	Current Period (30.06.2021)		Prior Period (30.06.2020)	
	TL	FC	TL	FC
Buildings	1.114	-	1.387	-
Vehicles	158	-	245	-
<b>Total</b>	<b>1.272</b>	<b>-</b>	<b>1.632</b>	<b>-</b>

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

	Current Period (30.06.2021)	Prior Period (30.06.2020)
Financial assets at fair value through profit and loss	9.663	-
Financial assets measured at fair value through other comprehensive income	785	1.035
Other	5.277	-
<b>Total</b>	<b>15.725</b>	<b>1.035</b>

**SECTION FIVE (Continued)**

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

**IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):**

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (30.06.2020)</b>
<b>Gain</b>	<b>170.385</b>	<b>76.369</b>
Gains on capital market operations	117.668	5.858
Gains on derivative financial instruments	31.526	21.415
Foreign exchange gains	21.191	49.096
<b>Loss (-)</b>	<b>(52.174)</b>	<b>(69.076)</b>
Losses from the capital market operations	(174)	-
Losses on derivative financial instruments	(30.659)	(59.310)
Foreign exchange losses	(21.341)	(9.766)

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (30.06.2020)</b>
Income from sale of assets	6.310	33.321
Reversals from prior years' provisions	21.947	20.771
Other	3.182	6.018
<b>Total</b>	<b>31.439</b>	<b>60.110</b>

Generally, the Bank's other operating income consists of the cancellation of expected loss provisions and impairment provisions for subsidiaries, provisions according to TAS 19 allocated in previous years and the revenues from its active sales.

**6. Bank's expected credit loss expenses and other provision expenses:**

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (30.06.2020)</b>
Expected credit loss provisions	168.962	51.311
12 month expected credit loss (Stage 1)	12.682	32.547
Significant increase in credit risk (Stage 2)	134.666	14.253
Non-performing Loans (Stage 3)	21.614	4.511
Marketable securities impairment expense	-	-
Financial assets at fair value through profit or loss	-	18.018
Financial assets at fair value through other comprehensive income	-	1.363
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses	22.746	18.011
<b>Total</b>	<b>191.708</b>	<b>88.703</b>

**SECTION FIVE (Continued)**

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

**IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):**

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

	<b>Current Period (30.06.2021)</b>	<b>Prior Period (30.06.2020)</b>
Provision for employee termination benefits <sup>(*)</sup>	1.059	17.984
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	3.875	4.585
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	1.492	620
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	10.452	9.109
Operational leasing expenses	54	56
Maintenance expenses	255	273
Advertisement expenses	18	33
Other expenses <sup>(**)</sup>	10.125	8.747
Loss on sale of assets	-	1.293
Other	8.957	6.055
<b>Total</b>	<b>25.835</b>	<b>39.646</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 695 of other expenses is from cleaning expenses (30 June 2020: TL 1.027), TL 2126 is from communication expenses (30 June 2020: TL 1752), TL 314 is from security expenses (30 June 2020: TL 1.196), TL 2.257 is from computer usage expenses (30 June 2020: 758TL), TL 107 is from heating, lighting and water expenses (30 June 2020: TL 271), TL 1.674 is from vehicle expenses (30 June 2020: TL 1.281), TL 374 amount consists of dues (30 June 2020: TL 346) and 2.578 TL remaining portion consists of various other expenses (01 June 2020: TL 2116).

<sup>(\*\*\*)</sup> The part of the other amounting to TL 4.712 is from taxes, duties, fees and fund expenses (30 June 2020: TL 2.547), TL 1.781 from audit and consultancy fees (30 June 2020: TL 1.859), TL 1938 is from BRSA participation share (30 June 2020 : TL 1.572) and 526 the remaining part amounting to TL 417 (30 June 2020: TL 77) consists of other miscellaneous expenses.

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

As of 30 June 2021, the Bank's income before tax from the continuing operations is TL 532.189 (30 June 2020: TL 237.811) and the Bank has no discontinued operations.

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

As of 30 June 2021, the Bank's income tax provision from continuing operations amounting to TL 123.428, (30 June 2020: TL 47.209) consists of TL 143.296 of current tax charge (30 June 2020: TL 59.085), TL 19.868 of deferred tax income effect (30 June 2020: 11.876 deferred tax income effect).

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

The Bank has earned net profit of TL 408.761 from continuing operations between 1 January 2021 and 30 June 2021 (Between 1 January 2020-30 June 2020: TL 190.602).

**SECTION FIVE (Continued)**

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

**IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):**

**11. Information on net 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 received fees and commissions in the profit or loss statement as of 30 June 2021 is TL 12.896 (30 June 2020: TL 13.480). TL 4.694 (30 June 2020: TL 853) of this amount is investment banking services income, TL 4.642 (30 June 2020: TL 4.238) is loan commitment commissions, TL 1.648 (30 June 2020: TL None) is fund management fees.

As of 30 June 2020, the total amount of other fees and commissions given in the profit or loss statement is TL 10.730 (30 June 2020: TL 2.014). TL 5.145 (30 June 2020: None) of this amount is credit guarantee fund limit commissions and TL 1.901 (30 June 2020: TL 968) is listing fees.

**SECTION FIVE (Continued)**

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

**V. Explanations Related to Risk Group of the 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	3.759	-	-	-	-	-
Closing Balance <sup>(*)</sup>	3.797	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

<sup>(\*)</sup> TL 3.797 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.797 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	1.785	-	-	-	-	-
Closing Balance <sup>(*)</sup>	3.759	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

<sup>(\*)</sup> TL 3.759 of loan disbursed 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 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 (30.06.2021)	Prior Period (30.06.2020)
Salaries	4.165	4.071
Dividend and fringe benefits	1.594	1.191
<b>Total</b>	<b>5.759</b>	<b>5.262</b>



**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Explanations on Auditors' Review Report:**

The Bank's unconsolidated financial statements as of and for the period ended 30 June 2021 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the review report dated 30 July 2021 is presented at the beginning of the financial statements and related notes.

**II. Explanations and Notes Related to Subsequent Events:**

None.

## **SECTION SEVEN**

### **INTERIM ACTIVITY REPORT**

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

Due to the restriction measures taken against the coronavirus epidemic, which affected the whole world last year, there was a contraction in the global economy and trade. Thanks to the supportive measures taken during the epidemic and the expansionary fiscal and monetary stance, as of 2021, global trade and economy started to recover under the leadership of developed countries and China. With the acceleration of vaccination worldwide, the strengthening of the global economy gained momentum in the second quarter. Accordingly, global growth is expected to reach 5,6% in 2021, and the global trade volume is expected to increase by 8,3%.

Being one of the few countries that recorded a growth of 1,8% in 2020, the strong course of the Turkish economy continues in 2021 with the support of domestic demand and exports. In this framework, the Turkish economy, which grew by 7% in the first quarter of 2021, is expected to continue its strong performance in the rest of the year, with the acceleration of vaccination by spreading across the society and the recovery in the global economy.

In the second quarter of 2021, our Bank's assets have increased by 51% compared to the same period of the previous year, while our operating income has nearly doubled. The amount of our loans, which make up 74% of our total assets, increased by 42% in June 2021 compared to the same period of the previous year and reached 24,4 billion TL, while our second quarter profit was 408,8 million TL. In the second quarter of 2021, our capital adequacy ratio was approximately 20%.

By supporting sectors that contribute to our competitive stance in the international arena and have strong employment potential, the Development Investment Bank continued to cooperate with reputable and effective institutions in order to transform domestic and national resources into investments. With its strong capital structure and expert staff, our Bank will continue to fulfill its development and investment banking functions in a competitive and dynamic manner in line with Turkey's development priorities in the upcoming periods.

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

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

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

The global economy, which contracted in 2020 due to the coronavirus epidemic; thanks to the gradual removal of restrictions, supportive policies and positive developments in the process of controlling the epidemic, it started to recover rapidly in 2021. This recovery accelerated in the second quarter of the year. The economic support packages announced in the USA and the Euro Zone, the ongoing expansionary monetary policy practices and the acceleration of vaccination worldwide, especially in developed countries, were effective in this development.

The strong recovery seen in domestic economic activity as of the second half of 2020 continued in 2021 due to domestic and foreign demand, and the Turkish economy grew by 7% in the first quarter of the year. The accelerating spread of vaccination throughout the society has supported the revival of the service and tourism sectors as of the second quarter of the year.

The Turkish Banking Sector exhibited a positive performance in the first five months of 2021, but there is no positive picture in terms of profitability. Total assets of the sector increased by 26.3% in May 2021 compared to the same month of the previous year and reached 6.7 trillion TL, while loans, which constitute the largest share in asset items, increased by 22% and reached 3.9 trillion TL. Net profit of the sector decreased to 24.7 billion TL with an annual decrease of 9.5% in the first five months of the year, while the capital adequacy standard ratio decreased by 1.6 points compared to the same month of the previous year and was realized as 17.9%.

Overiewing at the second quarter financial indicators of our Bank; it is seen that our assets have reached 33 billion TL as of June 2021 and exhibited a growth performance of 51% compared to the same period of the previous year and approximately 18% compared to the end of 2020.

While the amount of loans, which constitute 74% of our total assets, reached approximately 24 billion TL in June 2021, our loan volume increased by 20% compared to the end of 2020 and by 43% 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, was realized as 0.9% in the second quarter of 2021.

Our six-month profit was realized as TL 408.8 million, and our capital adequacy ratio was 20% in the second quarter of the year.

In line with our Development Banking mission, we continue to support investors by implementing important projects that add value to increase the production potential of our country. We will continue to support projects that are important for the future of our country, especially energy and energy efficiency.

Our Bank also provides financial consultancy, capital markets consultancy, merger and acquisition consultancy services to both private sector and public institutions in the field of Investment Banking. With the capital markets consultancy provided within the scope of investment banking activities that it carries out with a focus on sustainable development, our Bank mediated Turkey's first low-carbon economy transition bond issuance in 2021, worth TL 200 million.

At the same time, the Bank provided consultancy services to Tarım Kredi Holding, one of the subsidiaries of Turkish Agricultural Credit Cooperatives, in providing a resource of TL 65 million 750 thousand. The issuance was the first bond issuance of Tarım Kredi Holding, which has played an important role in the field of integrated agriculture in our country and has also evaluated capital market alternatives in the financing of agriculture.

Our Bank is taking roles as an exclusive financial advisory in the privatization process of the electricity generation facilities of the T.C. Ministry of Treasury and Finance Privatization Administration, and the Bank is an advisory consortium leader in the privatization process of Kıbrıs Türk Denizcilik Ltd. Sti. In addition, in 2021, Bank served as the consortium leader in the public offering of Aydem Renewable Energy, the largest public offering in the last 3 years.

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

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

Our Bank manages the Regional Development Fund and the Technology and Innovation Fund, operating under Turkey Development Fund, through Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., which is a 100% subsidiary of our Bank. On June 22, 2021, the Technology and Innovation Fund made its first investment in the hotel interaction platform WeBee, which exports software to 23 countries. In 2021, two new venture capital investment funds were established, one of which is the founder and manager of Development GSPYŞ, one of which is the main investor of participation finance institutions, and the other that will invest in startups that produce technologies that can also be used by the defense industry. With these funds, the total size of the funds has exceeded TL 1 billion.

Focusing on sustainable growth with the financing support it provides to investments in line with Turkey's development goals, our Bank will continue to support the national economy with its development and investment banking activities in the upcoming period.

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

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**III. Summary Financial Information and Ratios**

<b>Balance Sheet (Thousand TL)</b>	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Total Assets	32.984.000	28.073.370
Financial Assets	6.843.441	6.141.866
Loans	24.432.113	20.402.723
Financial Assets Measured at Amortized Cost	2.000.237	1.717.342
Expected Credit Losses (-)	503.394	345.110
Loans Obtained -Funds-Money Market Debts	26.327.128	22.213.333
Subordinated Debt Instruments	2.295.601	1.993.243
Equity (Including Profit)	3.980.314	3.588.199

<b>Profit / Loss (Thousand TL)</b>	<b>Current Period (30.06.2021)</b>	<b>Prior Period (30.06.2020)</b>
Interest Income (Net)	623.804	306.956
Non-Interest Income/Expense (Net)	(91.615)	(69.145)
Tax Provision (-)	123.428	47.209
Net Profit / Loss	408.761	190.602

<b>Ratios (%)</b>	<b>Current Period (30.06.2021)</b>	<b>Prior Period (31.12.2020)</b>
Total Loans / Total Assets	74,1	72,7
Loans Under Follow-Up / Total Loans	0,9	1,1
Equity / Total Assets	12,1	12,8
Loans Obtained / Total Liabilities	77,3	77,5
Capital Adequacy Ratio	20,0	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 April-June 2021 period, the Board of Directors held 5 meetings, and a total of 54 decisions, 2 of which were Interim Decisions and 56 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 April – June 2021 period, the Audit Committee held 4 meetings and took 13 decisions.

## **SECTION SEVEN (Continued)**

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

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

##### **3. Corporate Governance Committee**

<b>Name Surname</b>	<b>Duty</b>
Erdal ERDEM	Head of Corporate Governance Committee
Salim Can KARAŞIKLI	Vice Chairman of the Corporate Governance Committee
Dr. Metin ÇINAR	Corporate Governance Committee Member

##### **4. Pricing Committee**

<b>Name Surname</b>	<b>Duty</b>
Salim Can KARAŞIKLI	Chairman of the Pricing Committee
Murat ZAMAN	Pricing Committee Member

The Pricing Committee did not convene in the April-June 2021 period.

##### **5. Units Under Internal Systems**

<b>Name Surname</b>	<b>Duty</b>
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**

<b>Shareholders</b>	<b>Current Capital Share (TL)</b>	<b>%</b>
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 II. Term in 2021**

##### **Financing Activities and Relations with Financial Institutions**

A loan agreement of USD 200 million for the financing of renewable energy and energy efficiency projects with the Asian Infrastructure Investment Bank was signed on 10 December 2019. As of 30 June 2021, a total of USD 150 million loan has been transferred to our bank accounts.

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 pandemic. The first tranche of the loan amounting to USD 100 million was transferred to the Bank's accounts on 28 December 2020. Credit disbursement and reporting studies are ongoing.

A loan agreement of EUR 316 million from the World Bank for the financing of entrepreneurs for the purpose of creating registered employment was signed on 1 June 2020. As of 30 June 2021, a total of EUR 64 million loan has been transferred to Bank's accounts.

The loan agreement for providing an Emergency Company Support Loan of USD 250 million 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 USD 50 million, was transferred to the Bank's accounts on 30 June 2021.

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

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**VI. Activities of the Bank's II. Term in 2021 (Continued)**

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

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

It has been informed that the loan offer may be submitted in the second quarter of 2021 within the scope of providing EUR 100 million COVID-19 loan from the the German Development Bank.

International Rating Agency Fitch Ratings announced the Bank's credit rating as BB- Stable as of May 20, 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. 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, Çömlekçi-3 geothermal well drilling, the first drilling of 3S Kale Nigde Energy Production Inc. in the Kitreli-Pottery license area, started on May 15 2021, but was temporarily abandoned in 7 June 2021 due to some technical problems caused by the geological structure of the region. Afterwards, the company moved to the Bozköy license area, has started to second drilling activity in scope of RPM on June 25 2021. As of June 30, 2021, the company is maintaining drilling activities with no problem in Sivrihisar-4 field in Bozköy license area. Studies about other projects are continuing in scope of RPM first round implementations.

While, the first round of RPM implementations are continuing, the second-round preparations have started and on 26th of January, Declaration of Intent (EOI) applications were accepted. All projects participating in the EOI application process completed on March 12, 2021 were assessed and a total of 18 projects were shortlisted. All shortlisted investors are scheduled for a two-day training session with detailed information about the preparations for the actual application process and the RPM project. Technical and financial requirements of the RPM program were emphasized on the first day of the two-day trainings held on 20-21 June 2021, and environmental and social requirements were emphasized on the second day. After the training, the main application process started and as a result of the applications that continued until June 03, 2021, a total of 14 geothermal development project applications were received for the RPM second round. The technical, financial, environmental and social evaluation process of all applications continues. After the evaluation, which will continue until August 06, 2021, the final projects to be included in the grading and RPM second round application will be determined.

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. In the project, the works within the scope of the Capacity Building Work Package (WP5), which is under the responsibility of our Bank are continuing, and the GEORISK-International Webinar held on June 28,2021 was attended. At the Webinar, our bank made a presentation on the experiences gained from the first round of the RPM project and the creation/development of geothermal risk mitigation/insurance mechanisms in the target countries of the GEORISK project.

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**VI. Activities of the Bank's II. Term in 2021 (Continued)**

The Registered Employment Creation Project, carried out by our Bank together with the World Bank, aims to improve the formal employment creation conditions of companies operating in 24 provinces with a high percentage of Syrians under Temporary Protection, for the benefit of Turkish citizens and refugees. Project cities are İstanbul, Gaziantep, Hatay, Şanlıurfa, Adana, Mersin, Bursa, İzmir, Kilis, Konya, Ankara, Kahramanmaraş, Mardin, Kayseri, Kocaeli, Osmaniye, Diyarbakır, Malatya, Adıyaman, Batman, Sakarya, Manisa, Tekirdağ ve Denizli. The loan which is the first component of the project amounts to EUR 316 million, and the second component, the European Union FRIT-II Fund Funded Grant Scheme, amounts to EUR 75.9 million. It is aimed to increase the impact and success of the loan and grant components with the training and capacity building activities to be provided with the Technical Assistance Component of the project. Studies on the grant program to be implemented on the condition of creating registered employment within the scope of the European Union FRIT-II Fund Funded Grant Program are continuing.

The cooperation between our Bank and the Presidency Strategy and Budget Department, the COMCEC and the General Directorate of International Development Cooperation (COMCEC Coordination Office) regarding the execution of the COMCEC Project Financing has been continuing since 2014.

It is aimed to increase the institutional capacities of the institutions of the member states and the Organization of Islamic Cooperation in the fields of COMCEC cooperation, agriculture, trade, tourism, financial cooperation, communication and transportation, and poverty reduction. Within the scope of the cooperation, financial support is provided to the projects evaluated and accepted by the COMCEC Coordination Office, and to date, financial support has been provided to total 83 projects of 24 countries and 11 Organization of Islamic Cooperation organizations.

COMCEC Project Finance 2021 budget is 1.7 million USD and financial support is foreseen for 42 projects. By our Bank and the COMCEC Coordination Office, trainings have been given to the implementing institutions of the projects whose financial support has been finalized in 2021, and the signature processes of the grant contracts are continuing.

**Crediting Activities**

In the period of April – June 2021 credit applications from 47 companies were accepted as TL 2.960 million , EUR 92 million and USD 87 million, and their total value was TL 4.672 million. 79% (TL 3.711 million) of these applications are for manufacturing industry, 5% (TL 242 million) for energy, 2% (TL 85 million) for tourism and 14% (TL 634 million) for other sectors.

In the period of April - June 2021, 20 companies were provided with loans of EUR 34 million, USD 60 million and TL 305 million, with a total value of TL 1.156 million. 21% of the loans granted belong to the energy sector, 38% to the manufacturing industry, 8% to the tourism sector and 33% to the financial sector.

**VII. Corporate Governance Principles Compliance Report**

Development Investment Bank of Turkey 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 is accessible from <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s> address.



**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**VII. Corporate Governance Principles Compliance Report**

**1. Shareholder Relations Unit**

The function of relations with shareholders is carried out by “Subsidiaries, Corporate Relations and Sustainability Department”.

Within the period of April – June 2021, 14 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-including the agenda-for the meeting; as stipulated in the Law and Articles of Association was made in due time, 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), also announced in the Trade Registry Gazette dated 05.03.2021 and numbered 10281 and in the Trade Registry Gazette 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 1.585.304.489,49 corresponds to a capital of 158.530.488.848,9 shares corresponding to 62.401,76 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)).

**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 April- June 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, 2 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. 9 special case announcements were made during the period of April – June 2021. No additional explanation requests were made by the CMB and Borsa İstanbul regarding the announcements made.