

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

Unconsolidated Financial Statements  
As of and For the Nine-Month Period Ended 30 September 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](http://www.kpmg.com.tr)

Convenience Translation of the Independent Auditor's Review Report  
Originally Prepared and Issued in Turkish to English

**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 September 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 nine-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 aforementioned 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 September 2021, and its unconsolidated financial performance and its cash flows for the nine-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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Erdal Tıkmak, SMMM  
Partner

1 November 2021  
Istanbul, Turkey

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

The Headquarters Address

Saray Mahallesi  
Dr. Adnan Büyükdere Cad. No:10  
Ümraniye / İSTANBUL  
Tel : 0216 636 87 00  
Faks: 0216 636 89 28  
<http://www.kalkinma.com.tr>  
muhasebe@kalkinma.com.tr

Telephone and Facsimile

Website Address  
E-mail Address

The unconsolidated financial report for nine 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 nine 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.



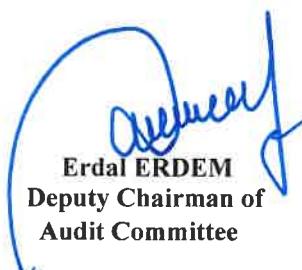
Dr. Raci KAYA  
Chairman of the Board



İbrahim H. ÖZTOP  
CEO and Board Member



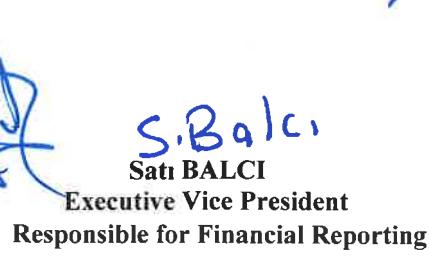
Dr. Turgay GEÇER  
Chairman of Audit Committee



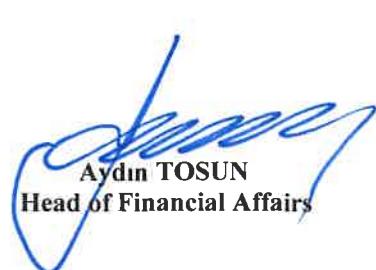
Erdal ERDEM  
Deputy Chairman of  
Audit Committee



Abdullah BAYAZIT  
Member of Audit  
Committee



Sati BALCI  
Executive Vice President  
Responsible for Financial Reporting



Aydin 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

**SECTION ONE**  
**General Information**

<b>I.</b>	Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including the Changes of These Articles	1
<b>II.</b>	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	1
<b>III.</b>	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	2
<b>IV.</b>	Information About Persons And Institutions that Have Qualified Shares Attributable to the Bank	3
<b>V.</b>	Summary of Functions and Lines of Activities of the Bank	3
<b>VI.</b>	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	3
<b>VII.</b>	Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts between the Bank and Its Subsidiaries	3

**SECTION TWO**  
**Unconsolidated Financial Statements**

<b>I.</b>	Balance Sheet (Statement of Financial Position)	5-6
<b>II.</b>	Statement of Off-Balance Sheet Accounts	7
<b>III.</b>	Statement of Profit or Loss	8
<b>IV.</b>	Statement of Profit or Loss and Other Comprehensive Income	9
<b>V.</b>	Statement of Changes in Shareholders' Equity	10
<b>VI.</b>	Statement of Cash Flows	11

**SECTION THREE**  
**Accounting Policies**

<b>I.</b>	Explanations on Basis of Presentation	12
<b>II.</b>	Basis of Valuation Used in the Preparation of Financial Statements	12
<b>III.</b>	Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions	13
<b>IV.</b>	Explanations on Associates and Subsidiaries	13
<b>V.</b>	Explanations on Futures, Options Contracts and Derivative Instruments	14
<b>VI.</b>	Explanations on Interest Income and Expenses	14
<b>VII.</b>	Explanations on Fees and Commission Income and Expenses	14
<b>VIII.</b>	Explanations on Financial Assets	14-17
<b>IX.</b>	Explanations on Impairment of Financial Assets	17-21
<b>X.</b>	Explanations on Offsetting of Financial Assets and Liabilities	21
<b>XI.</b>	Explanations on Sales and Repurchase Agreements and Lending of Securities	21
<b>XII.</b>	Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities	22
<b>XIII.</b>	Explanations on Goodwill and Other Intangible Assets	22
<b>XIV.</b>	Explanations on Tangible Fixed Assets	23
<b>XV.</b>	Explanations on Leasing Transactions	24
<b>XVI.</b>	Explanations on Provisions and Contingent Liabilities	25
<b>XVII.</b>	Explanations on Employee Benefit Liabilities	25
<b>XVIII.</b>	Explanations on Taxation	26-27
<b>XIX.</b>	Additional Explanations on Borrowings	28
<b>XX.</b>	Explanations on Shares Issued	28
<b>XXI.</b>	Explanations on Bill Guarantees and Acceptances	28
<b>XXII.</b>	Explanations on Government Incentives	28
<b>XXIII.</b>	Explanations on Segment Reporting	28-29

**SECTION FOUR**  
**Information on Financial Structure and Risk Management**

<b>I.</b>	Explanations on Equity	30-45
<b>II.</b>	Explanations Related to Currency Risk	46-47
<b>III.</b>	Explanations Related to Interest Rate Risk	48-51
<b>IV.</b>	Explanations Related to Equity Securities in Banking Book	52
<b>V.</b>	Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio	52-57
<b>VI.</b>	Explanations Related to Leverage Ratio	58
<b>VII.</b>	Explanations Related to Risk Management	59

**SECTION FIVE**  
**Explanations and Notes Related to the Financial Statements**

<b>I.</b>	Explanations and Notes Related to Assets	60-73
<b>II.</b>	Explanations and Notes Related to Liabilities	74-78
<b>III.</b>	Explanations and Notes Related to Off-Balance Sheet Accounts	79-80
<b>IV.</b>	Explanations and Notes Related to Statement of Profit or Loss	81-85
<b>V.</b>	Explanations Related to Risk Group of the Bank	86

**SECTION SIX**  
**Other Explanations**

<b>I.</b>	Explanations on Auditor's Review Report	87
<b>II.</b>	Explanations and Notes Related to Subsequent Events	87

**SECTION SEVEN**  
**Interim Activity Report**

<b>I.</b>	Assessment of Chairman of Board of Directors	88
<b>II.</b>	Assessment of General Manager and Board of Directors Member	89
<b>III.</b>	Summary Regarding Financial Information and Ratios	90
<b>IV.</b>	Bank Management	91
<b>V.</b>	Capital and Shareholding Structure	91
<b>VI.</b>	Activities of the Bank's III. Term in 2021	91-93
<b>VII.</b>	Corporate Governance Principles Compliance Report	93-94

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 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 (%)	Paid-in Capital (Thousand TL)	Unpaid Capital (Thousand TL)
Republic of Turkey				
Ministry of Treasury and Finance	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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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:**

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	31
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

(\*) Deputy Chairman of the Board of Directors Murat ZAMAN resigned from his duties in the Bank as of 22 October 2021. With the decision of the Bank's Board of Directors dated 22 October 2021, Hakan ERTÜRK was elected for the vacant position as the Board Member and Deputy Chairman of the Board of Directors.

**General Manager, Executive Vice Presidents:**

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
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, Support Services	30.01.2009	Bachelor's Degree	33
Sati BALCI	EVP/ Subsidiaries and Corporate Relations, Financial Affairs, Loan Operations, Treasury and Capital Market Operations, Turkey Development Fund	07.11.2017	Bachelor's Degree	33
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, Sustainability and Environmental Social Impact Management	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	34

**Chief Internal Inspector:**

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

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 31 December 2020.

As the associates 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 September 2021**

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Reviewed Current Period 30 September 2021			Audited Prior Period 31 December 2020		
		TL	FC	TOTAL	TL	FC	TOTAL
		ASSETS			ASSETS		
<b>I. FINANCIAL ASSETS (NET)</b>	(1)	<b>2.875.528</b>	<b>4.350.911</b>	<b>7.226.439</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>2.110.318</b>	<b>2.155.266</b>	<b>4.265.584</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		919	-	919	1.126	-	1.126
1.1.2 Banks		1.753.573	2.155.266	3.908.839	1.451.203	2.112.671	3.563.874
1.1.3 Money Markets		365.182	-	365.182	1.500.739	-	1.500.739
1.1.4 Expected Credit Loss (-)		(9.356)	-	(9.356)	(9.183)	-	(9.183)
<b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>		<b>2.827</b>	<b>187.857</b>	<b>190.684</b>	-	<b>119.725</b>	<b>119.725</b>
1.2.1 Government Securities		-	-	187.857	187.857	-	119.725
1.2.2 Equity Securities		-	-	187.857	187.857	-	119.725
1.2.3 Other Financial Assets		2.827	-	2.827	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>		<b>754.308</b>	<b>2.007.788</b>	<b>2.762.096</b>	<b>575.019</b>	<b>390.523</b>	<b>965.542</b>
1.3.1 Government Securities		728.280	1.560.626	2.288.906	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		11.038	447.162	458.200	10.112	44.559	54.671
<b>1.4 Derivative Financial Assets</b>		<b>8.075</b>	-	<b>8.075</b>	<b>43</b>	-	<b>43</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		8.075	-	8.075	43	-	43
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>	(2)	<b>1.985.572</b>	<b>24.714.355</b>	<b>26.699.927</b>	<b>1.194.875</b>	<b>20.580.110</b>	<b>21.774.985</b>
<b>2.1 Loans</b>		<b>2.369.415</b>	<b>22.763.493</b>	<b>25.132.908</b>	<b>1.415.404</b>	<b>18.987.319</b>	<b>20.402.723</b>
<b>2.2 Lease Receivables</b>		<b>1</b>	-	<b>1</b>	<b>30</b>	-	<b>30</b>
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>		<b>138.442</b>	<b>1.950.862</b>	<b>2.089.304</b>	<b>124.551</b>	<b>1.592.791</b>	<b>1.717.342</b>
2.4.1 Government Securities		138.442	1.950.862	2.089.304	124.551	1.592.791	1.717.342
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		(522.286)	-	(522.286)	(345.110)	-	(345.110)
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(3)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>	(4)	<b>21.743</b>	-	<b>21.743</b>	<b>20.543</b>	-	<b>20.543</b>
<b>4.1 Associations (Net)</b>		<b>18.693</b>	-	<b>18.693</b>	<b>18.693</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>3.050</b>	<b>1.850</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>		-	-	-	-	-	-
4.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(6)	<b>41.937</b>	-	<b>41.937</b>	<b>46.139</b>	-	<b>46.139</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(7)	<b>21.621</b>	-	<b>21.621</b>	<b>17.744</b>	-	<b>17.744</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		21.621	-	21.621	17.744	-	17.744
<b>VII. INVESTMENT PROPERTY (Net)</b>	(8)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>	(9)	-	-	-	-	-	-
<b>IX. DEFERRED TAX ASSET</b>	(10)	<b>88.459</b>	-	<b>88.459</b>	<b>17.990</b>	-	<b>17.990</b>
<b>X. OTHER ASSETS</b>	(11)	<b>34.118</b>	<b>51.288</b>	<b>85.406</b>	<b>23.296</b>	<b>30.807</b>	<b>54.103</b>
<b>TOTAL ASSETS</b>		<b>5.068.978</b>	<b>29.116.554</b>	<b>34.185.532</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 September 2021**

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Reviewed Current Period 30 September 2021			Audited Prior Period 31 December 2020		
		TL	FC	TOTAL	TL	FC	TOTAL
		LIABILITIES					
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(2)	1,679,758	24,771,452	26,451,210	782,206	20,980,533	21,762,739
III. MONEY MARKET FUNDS	(3)	222,905	-	222,905	205,378	-	205,378
IV. SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS	(5)	251,409	203,514	454,923	121,079	124,137	245,216
5.1 Borrower Funds		231,675	124,002	355,677	102,413	61,625	164,038
5.2 Other		19,734	79,512	99,246	18,666	62,512	81,178
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(6)	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(7)	9,754	-	9,754	47	-	47
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		9,754	-	9,754	47	-	47
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES	(8)	-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(9)	11,095	-	11,095	13,575	-	13,575
X. PROVISIONS	(11)	53,538	-	53,538	51,012	-	51,012
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		37,370	-	37,370	38,997	-	38,997
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		16,168	-	16,168	12,015	-	12,015
XI. CURRENT TAX LIABILITY	(12)	100,269	-	100,269	45,148	-	45,148
XII. DEFERRED TAX LIABILITY	(13)	-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(14)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(15)	-	2,301,979	2,301,979	-	1,993,243	1,993,243
14.1 Borrowings		-	2,301,979	2,301,979	-	1,993,243	1,993,243
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(16)	67,245	290,027	357,272	47,752	121,061	168,813
XVI. SHAREHOLDERS' EQUITY	(17)	4,217,559	5,028	4,222,587	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		(9,560)	5,028	(4,532)	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)		653,174	-	653,174	501,840	-	501,840
16.6.1 Prior Periods' Profit or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Profit or (Loss)		653,174	-	653,174	501,840	-	501,840
<b>TOTAL LIABILITIES</b>		<b>6,613,532</b>	<b>27,572,000</b>	<b>34,185,532</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 September 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

I.	OFF-BALANCE SHEET	Note (Section Five III)	Reviewed Current Period 30 September 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>6,347,643</b>	<b>5,593,800</b>	<b>11,941,443</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>52,667</b>	<b>1,185,243</b>	<b>1,237,910</b>	<b>54,826</b>	<b>675,830</b>	<b>730,656</b>
1.1	Letters of Guarantee		52,667	925,277	977,944	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
1.1.3	Other Letters of Guarantee		52,667	925,277	977,944	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		-	38,089	38,089	-	33,822	33,822
1.3.1	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2	Other Letters of Credit		-	38,089	38,089	-	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		-	221,877	221,877	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	<b>(3)</b>	<b>4,694,364</b>	<b>2,828,835</b>	<b>7,523,199</b>	<b>4,752,554</b>	<b>3,692,960</b>	<b>8,445,514</b>
2.1	Irrevocable Commitments		167,623	119,937	287,560	-	24,399	24,399
2.1.1	Asset Purchase and Sale Commitments		80,450	96,166	176,616	-	-	-
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		87,173	23,771	110,944	-	24,399	24,399
2.2	Revocable Commitments		4,526,741	2,708,898	7,235,639	4,752,554	3,668,561	8,421,115
2.2.1	Revocable Loan Granting Commitments		4,526,741	2,708,898	7,235,639	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>1,600,612</b>	<b>1,579,722</b>	<b>3,180,334</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		1,600,612	1,579,722	3,180,334	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		1,600,612	1,579,722	3,180,334	-	-	-
3.2.2.1	Foreign Currency Swap-Buy		1,600,612	-	1,600,612	-	-	-
3.2.2.2	Foreign Currency Swap-Sell		-	1,579,722	1,579,722	-	-	-
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>9,693,647</b>	<b>60,501,357</b>	<b>70,195,004</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>145,125</b>		<b>145,125</b>	<b>195,460</b>		<b>195,460</b>
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		145,125	-	145,125	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>9,548,522</b>	<b>60,501,357</b>	<b>70,049,879</b>	<b>4,817,946</b>	<b>43,781,832</b>	<b>48,599,778</b>
5.1	Marketable Securities		835,893	-	835,893	587,780	-	587,780
5.2	Guarantee Notes		32,481	4,744,420	4,776,901	13,406	4,316,246	4,329,652
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		8,241,005	43,876,065	52,117,070	3,779,752	28,079,463	31,859,215
5.6	Other Pledged Items		168,499	9,013,903	9,182,402	166,364	8,767,569	8,933,933
5.7	Pledged Items-Depository		270,644	2,866,969	3,137,613	270,644	2,618,554	2,889,198
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>			<b>16,041,290</b>	<b>66,095,157</b>	<b>82,136,447</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 September 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	
		Current Period 1 January-30 September 2021	Previous Period 1 January-30 September 2020	Current Period 1 July-30 September 2021	Previous Period 1 July-30 September 2020
<b>I. INTEREST INCOME</b>	(1)	<b>1,465,342</b>	<b>843,113</b>	<b>504,617</b>	<b>306,075</b>
1.1 Interest on Loans		853,601	585,452	307,558	207,815
1.2 Interest on Reserve Requirements		-	-	-	-
1.3 Interest on Banks		285,291	94,366	106,182	32,804
1.4 Interest on Money Market Transactions		123,729	28,671	21,188	11,476
1.5 Interest on Marketable Securities Portfolio		202,679	134,602	69,689	53,980
1.5.1 Fair Value Through Profit or Loss		-	-	-	-
1.5.2 Fair Value Through Other Comprehensive Income		118,600	73,247	40,759	26,807
1.5.3 Measured at Amortized Cost		84,079	61,355	28,930	27,173
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		42	22	-	-
<b>II. INTEREST EXPENSE (-)</b>	(2)	<b>(529,572)</b>	<b>(355,784)</b>	<b>(192,651)</b>	<b>(125,702)</b>
2.1 Interest on Deposits		-	-	-	-
2.2 Interest on Funds Borrowed		(478,664)	(349,759)	(175,243)	(123,698)
2.3 Interest Expense on Money Market Transactions		(30,388)	(3,566)	(10,769)	(1,201)
2.4 Interest on Securities Issued		-	-	-	-
2.5 Measured at Amortized Expense		(1,839)	(2,374)	(567)	(742)
2.6 Other Interest Expenses		(18,681)	(85)	(6,072)	(61)
<b>III. NET INTEREST INCOME (I - II)</b>		<b>935,770</b>	<b>487,329</b>	<b>311,966</b>	<b>180,373</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>22,910</b>	<b>24,566</b>	<b>17,708</b>	<b>12,604</b>
4.1 Fees and Commissions Received		36,060	27,366	20,128	13,390
4.1.1 Non-cash Loans		7,236	1,950	4,200	1,454
4.1.2 Other		28,824	25,416	15,928	11,936
4.2 Fees and Commissions Paid		(13,150)	(2,800)	(2,420)	(786)
4.2.1 Non-cash Loans		-	-	-	-
4.2.2 Other		(13,150)	(2,800)	(2,420)	(786)
<b>V. DIVIDEND INCOME</b>	(3)	<b>58,477</b>	<b>1,597</b>	<b>42,752</b>	<b>562</b>
<b>VI. TRADING PROFIT / (LOSS) (Net)</b>	(4)	<b>111,392</b>	<b>4,362</b>	<b>(6,819)</b>	<b>(2,931)</b>
6.1 Trading Gains / (Losses) on Securities		61,441	5,983	(56,053)	125
6.2 Gains / (Losses) on Derivative Financial Transactions		35,848	(50,319)	34,981	(12,424)
6.3 Foreign Exchange Gains / (Losses)		14,103	48,698	14,253	9,368
<b>VII. OTHER OPERATING INCOME</b>	(5)	<b>43,822</b>	<b>115,332</b>	<b>12,383</b>	<b>55,222</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1,172,371</b>	<b>633,186</b>	<b>377,990</b>	<b>245,830</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	(6)	<b>(202,396)</b>	<b>(94,204)</b>	<b>(33,434)</b>	<b>(42,893)</b>
<b>X. OTHER PROVISION EXPENSE (-)</b>	(6)	<b>(29,884)</b>	<b>(33,258)</b>	<b>(7,138)</b>	<b>4,134</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>(69,096)</b>	<b>(60,790)</b>	<b>(23,388)</b>	<b>(21,610)</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	(7)	<b>(41,253)</b>	<b>(32,202)</b>	<b>(16,477)</b>	<b>(10,540)</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>829,742</b>	<b>412,732</b>	<b>297,553</b>	<b>174,921</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-	-	-
<b>XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES</b>		-	-	-	-
<b>CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-	-	-
<b>XVI. INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	(8)	<b>829,742</b>		<b>297,553</b>	<b>174,921</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(9)	<b>(176,568)</b>	<b>(76,864)</b>	<b>(53,140)</b>	<b>(29,655)</b>
18.1 Current Tax Provision		(240,142)	(96,691)	(96,846)	(37,606)
18.2 Deferred Tax Income Effect (+)		-	-	-	-
18.3 Deferred Tax Expense Effect (-)		63,574	19,827	43,706	7,951
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	(10)	<b>653,174</b>		<b>244,413</b>	<b>145,266</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1 Income from Non-current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		-	-	-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
<b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII-XXIII)</b>		-	-	-	-
<b>XXV. NET PROFIT/(LOSS) (XIX+XXIV)</b>	(11)	<b>653,174</b>	<b>335,868</b>	<b>244,413</b>	<b>145,266</b>
25.1 Earnings/(Loss) per share (in TL full)		0,0040823	0,0039514	0,0015276	0,0017090

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 September 2021**

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

<b>IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>Reviewed Current Period 1 January-30 September 2021</b>	<b>Reviewed Prior Period 1 January-30 September 2020</b>
		<b>Reviewed Prior Period 1 January-30 September 2020</b>
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>653.174</b>	<b>335.868</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(18.786)</b>	<b>(22.950)</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 Reclassified to Profit or Loss</b>	<b>(19.446)</b>	<b>(22.509)</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	(26.506)	(27.461)
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	7.060	4.952
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>634.388</b>	<b>312.918</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 September 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	
						1	2	3	4	5	6					
<b>I.</b>	<b>Prior Period 30 September 2020</b>															
<b>I.</b>	<b>Balance at the beginning of the period</b>	<b>850.000</b>	<b>1.983</b>		<b>206.074</b>			<b>152</b>			<b>36.204</b>		<b>682.612</b>	<b>579.388</b>		<b>2.356.413</b>
<b>II.</b>	<b>Adjustment in accordance with TMS 8</b>															
2.1	Effect of adjustment	-	-		-			-			-		-	-	-	-
2.2	Effect of changes in accounting policies	-	-		-			-			-		-	-	-	-
<b>III.</b>	<b>New balance (I+II)</b>	<b>850.000</b>	<b>1.983</b>		<b>206.074</b>			<b>152</b>			<b>36.204</b>		<b>682.612</b>	<b>579.388</b>		<b>2.356.413</b>
<b>IV.</b>	Total comprehensive income (loss)	-	-		-			(441)			(22.509)					<b>335.868</b>
<b>V.</b>	Capital increase in cash	-	-		-			-			-		-	-	-	-
<b>VI.</b>	Capital increase through internal reserves	-	-		-			-			-		-	-	-	-
<b>VII.</b>	Issued capital inflation adjustment difference	-	-		-			-			-		-	-	-	-
<b>VIII.</b>	Convertible bonds	-	-		-			-			-		-	-	-	-
<b>IX.</b>	Subordinated debt	-	-		-			-			-		-	-	-	-
<b>X.</b>	Increase (decrease) through other changes, equity	-	-		-			-			-			<b>36</b>		<b>36</b>
<b>XI.</b>	<b>Profit distribution</b>	-	-		-			-			-		<b>579.388</b>	<b>(579.388)</b>		
11.1	Dividends distributed	-	-		-			-			-		<b>579.388</b>	<b>(579.388)</b>		
11.2	Transfers to legal reserves	-	-		-			-			-		<b>579.388</b>	<b>(579.388)</b>		
11.3	Other	-	-		-			-			-		-	-	-	-
	<b>Balances (III+IV+.....+X+XI)</b>	<b>850.000</b>	<b>1.983</b>		<b>206.074</b>			<b>(289)</b>			<b>13.695</b>		<b>1.262.036</b>		<b>335.868</b>	<b>2.669.367</b>
<b>I.</b>	<b>Current Period 30 September 2021</b>															
<b>I.</b>	<b>Balance at the beginning of the period</b>	<b>1.600.000</b>	<b>3.683</b>		<b>206.074</b>			<b>(348)</b>			<b>14.914</b>		<b>1.262.036</b>	<b>501.840</b>		<b>3.588.199</b>
<b>II.</b>	<b>Adjustment in accordance with TMS 8</b>	-	-		-			-			-		-	-	-	-
2.1	Effect of adjustment	-	-		-			-			-		-	-	-	-
2.2	Effect of changes in accounting policies	-	-		-			-			-		-	-	-	-
<b>III.</b>	<b>New balance (I+II)</b>	<b>1.600.000</b>	<b>3.683</b>		<b>206.074</b>			<b>(348)</b>			<b>14.914</b>		<b>1.262.036</b>	<b>501.840</b>		<b>3.588.199</b>
<b>IV.</b>	Total comprehensive income (loss)	-	-		-			<b>660</b>			<b>(19.446)</b>					<b>653.174</b>
<b>V.</b>	Capital increase in cash	-	-		-			-			-		-	-	-	-
<b>VI.</b>	Capital increase through internal reserves	-	-		-			-			-		-	-	-	-
<b>VII.</b>	Issued capital inflation adjustment difference	-	-		-			-			-		-	-	-	-
<b>VIII.</b>	Convertible bonds	-	-		-			-			-		-	-	-	-
<b>IX.</b>	Subordinated debt	-	-		-			-			-		-	-	-	-
<b>X.</b>	Increase (decrease) through other changes, equity	-	-		-			-			-			<b>501.840</b>	<b>(501.840)</b>	
<b>XI.</b>	<b>Profit distribution</b>	-	-		-			-			-		<b>501.840</b>	<b>(501.840)</b>		
11.1	Dividends distributed	-	-		-			-			-		<b>501.840</b>	<b>(501.840)</b>		
11.2	Transfers to legal reserves	-	-		-			-			-		<b>501.840</b>	<b>(501.840)</b>		
11.3	Other	-	-		-			-			-		-	-	-	-
	<b>Balances (III+IV+.....+X+XI)</b>	<b>1.600.000</b>	<b>3.683</b>		<b>206.074</b>			<b>312</b>			<b>(4.532)</b>		<b>1.763.876</b>		<b>653.174</b>	<b>4.222.587</b>

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 September 2021**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

<b>VI. STATEMENT OF CASH FLOWS</b>		<b>Reviewed Current Period 1 January-30 September 2021</b>	<b>Reviewed Prior Period 1 January-30 September 2020</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>523.779</b>	<b>222.902</b>
1.1.1 Interest Received		1.286.177	749.077
1.1.2 Interest Paid		(439.950)	(313.798)
1.1.3 Dividend Received		58.477	1.597
1.1.4 Fees and Commissions Received		36.060	27.366
1.1.5 Other Income		121.527	84.600
1.1.6 Collections from Previously Written-off Loans and Other Receivables		15.238	22.507
1.1.7 Payments to Personnel and Service Suppliers		(117.002)	(80.204)
1.1.8 Taxes Paid		(193.568)	(106.113)
1.1.9 Other		(243.180)	(162.130)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>155.233</b>	<b>9.857</b>
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		19.990	(1.584)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3 Net (increase) / decrease in loans		(1.417.060)	178.767
1.2.4 Net (increase) / decrease in other assets		(34.029)	10.763
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		1.238.351	(334.305)
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		347.981	156.216
<b>I. Net Cash Provided from Banking Operations</b>		<b>679.012</b>	<b>232.759</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(1.640.335)</b>	<b>(241.736)</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		(2.102)	(2.600)
2.4 Disposals of property and equipment		9.857	117.647
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(2.403.908)	(399.489)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		761.956	224.441
2.7 Purchase of Financial Assets Measured at Amortised Cost		(9.600)	(195.119)
2.8 Sale of Financial Assets Measured at Amortised Cost		11.267	26.223
2.9 Other		(6.605)	(12.789)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(5.196)</b>	<b>(4.989)</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		(5.196)	(4.989)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>172.428</b>	<b>247.933</b>
<b>V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(794.091)</b>	<b>233.967</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>4.263.188</b>	<b>2.704.536</b>

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 11 March 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.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION THREE (Continued)****ACCOUNTING POLICIES (Continued)****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 Central Bank of the Republic of Turkey, 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, European Investment Bank, 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 September 2021**

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

**SECTION THREE (Continued)****ACCOUNTING POLICIES (Continued)****V. Explanations on Futures, Options Contracts and Derivative Instruments:**

Derivative transactions of the Bank mainly consist of forward foreign currency purchase and sale and currency swap transactions. The Bank has no derivative instruments that can be separated from the host contract.

Derivative instruments are classified as “Derivative Financial Assets at Fair Value Through Profit or Loss” or “Derivative Financial Assets at Fair Value Through Other Comprehensive Income” within the scope of TFRS 9 Financial Instruments. Derivative financial instruments are recorded with the fair value at the date of agreement and revalued at fair value in the following reporting periods. Depending on whether the valuation difference is negative or positive, these differences are shown in the relevant accounts in the balance sheet. Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts over their contract amounts. Differences in the fair value of derivative transactions at fair value through profit or loss are accounted for under profit/loss from derivative financial transactions in the trading profit/loss item in the income statement.

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

Interest 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 rediscounts of loans and other receivables that have become non-performing loans within the framework of the effectuated in 1 January 2018 “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette dated 22 June 2016 and numbered 29750 and monitors said amounts in interest income. Within the scope of TFRS 9 methodology, the expected loss provision is calculated based on the interest accruals and rediscounts added amounts.

**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.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION THREE (Continued)****ACCOUNTING POLICIES (Continued)****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 or 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.

**SECTION THREE (Continued)**

**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.

**SECTION THREE (Continued)**

**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.

**SECTION THREE (Continued)**

**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 (e.g. 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 September 2021. With the BRSA's decision numbered 9795 dated 16 September 2021, this practice is terminated as of the end of 30 September 2021, but as of 1 October 2021, the application is decided to be continued in the same way for loans with a delay period of more than 31 days but not exceeding 90 days and for loans with a delay period of more than 91 days but not exceeding 180 days. As of 1 October 2021, the Bank carries out the classification procedures in line with the BRSA board decision.

**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.

**SECTION THREE (Continued)**

**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.

**SECTION THREE (Continued)**

**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. 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. The forecasts and expected effects regarding the epidemic are reviewed regularly by the Bank.

**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.

**SECTION THREE (Continued)**

**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”.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 bared 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 depreciation 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 September 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 22 April 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 1 January 2021, starting with the declarations that must be submitted as of 1 July 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. Domestic 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 September 2021, explanations on segment reporting in line with "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures" are shown below.

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

<b>Current Period (30.09.2021)</b>	<b>Investment Banking (Treasury)</b>	<b>Corporate Banking</b>	<b>Other</b>	<b>Total Operations of the Bank</b>
Interest income	581.311	356.256	(1.797)	935.770
Net fees and commissions income	(13.150)	32.828	3.232	22.910
Other operating income	97.289	116.095	1.408	214.792
Other operating expense	(1.101)	(202.396)	(140.233)	(343.730)
Profit before tax	664.349	302.783	(137.390)	829.742
Tax provision	-	-	(176.568)	(176.568)
<b>Net profit for the period</b>	<b>664.349</b>	<b>302.783</b>	<b>(313.958)</b>	<b>653.174</b>
<b>Current Period (30.09.2021)</b>				
Segment Assets	9.108.753	24.904.276	150.760	34.163.789
Associates and subsidiaries	-	21.743	-	21.743
<b>Total Assets</b>	<b>9.108.753</b>	<b>24.926.019</b>	<b>150.760</b>	<b>34.185.532</b>
Segment Liabilities	232.659	29.223.156	507.130	29.962.945
Shareholders' equity	-	-	4.222.587	4.222.587
<b>Total Liabilities</b>	<b>232.659</b>	<b>29.223.156</b>	<b>4.729.717</b>	<b>34.185.532</b>

<b>Prior Period (30.09.2020)</b>	<b>Investment Banking (Treasury)</b>	<b>Corporate Banking</b>	<b>Other</b>	<b>Total Operations of the Bank</b>
Interest income	254.073	235.608	(2.352)	487.329
Net fees and commissions income	(2.800)	27.030	336	24.566
Other operating income	-	160.643	1.307	161.950
Other operating expense	(40.659)	(101.690)	(118.764)	(261.113)
Profit before tax	210.614	321.591	(119.473)	412.732
Tax provision	-	-	(76.864)	(76.864)
<b>Net profit for the period</b>	<b>210.614</b>	<b>321.591</b>	<b>(196.337)</b>	<b>335.868</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 September 2021 is TL 6.615.971 TL, (31 December 2020: TL 5.651.910) and its capital adequacy ratio is 18,12% (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:**

<b>Current Period (30.09.2021)</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	1.763.876	
Other Comprehensive Income according to TAS	8.135	
Profit	653.174	
Net profit for the period	653.174	
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>4.234.942</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 (-)	16.911	-
Leasehold Improvements on Operational Leases (-)	3.577	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.621	-
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	88.459	-
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>130.568</b>	
<b>Total Common Equity Tier I Capital</b>	<b>4.104.374</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)	1.544.130	
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>1.544.130</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	-	

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

**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>1.544.130</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>5.648.504</b>	
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	577.776	
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)	389.691	
<b>Total Deductions from Tier II Capital</b>	<b>967.467</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>967.467</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>6.615.971</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>8.135</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 )	6.615.971	-
Total Risk Weighted Assets	36.504.193	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET1 Capital Ratio (%)	11,24	-
Tier I Capital Ratio (%)	15,47	-
Capital Adequacy Ratio (%)	18,12	-
<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)	389.691	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	389.691	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	83.821	-
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)**

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

Prior Period (31.12.2020)	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	1.262.036	
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	-	-

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

**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>		
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 (%)	-	-

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

**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(30.09.2021)</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>	(4.532)	12.667	8.135
<b>5.Profit Reserves</b>	1.763.876	-	1.763.876
<b>6.Profit or Loss</b>	653.174	-	653.174
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	653.174	-	653.174
Deductions from Common Equity Tier I Capital (-)	-	(130.880)	(130.880)
<b>Common Equity Tier I Capital</b>	<b>4.222.587</b>	<b>(118.213)</b>	<b>4.104.374</b>
Subordinated Loans	-	1.544.130	1.544.130
Deductions from Tier I capital (-)	-	-	-
<b>Tier I Capital</b>	<b>4.222.587</b>	<b>1.425.917</b>	<b>5.648.504</b>
Subordinated Loans	-	577.776	577.776
General Provisions	-	389.691	389.691
Deductions from Tier II capital (-)	-	-	-
<b>Tier II Capital</b>	<b>-</b>	<b>967.467</b>	<b>967.467</b>
Deductions from Total Capital (-)	-	-	-
<b>Total</b>	<b>4.222.587</b>	<b>2.393.384</b>	<b>6.615.971</b>

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

**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>

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

**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 (30.09.2021)</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)	505
Nominal value of instrument (TL million)	505
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
<b>Interest / dividend payments</b>	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
<b>Convertible into equity shares</b>	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
<b>Write-down feature</b>	
If bonds can be written down, 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.

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

**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 Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
<b>Interest / dividend payments</b>	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
<b>Convertible into equity shares</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
<b>Write-down feature</b>	
If bonds can be written-down, 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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)</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)	1.349
Nominal value of instrument (TL million)	1.349
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 senior creditors and Tier II Capital
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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 senior creditors and Tier II Capital
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.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION FOUR (Continued)****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>
30/09/2021	8,8751	10,2942	7,9705
29/09/2021	8,7997	10,2807	7,9049
28/09/2021	8,7917	10,2705	7,9290
27/09/2021	8,8318	10,3447	7,9947
24/09/2021	8,6757	10,1801	7,8913

The simple arithmetic average of the last thirty-day rates as of 30 September 2021; USD: 8,478833 TL, Euro: 9,98698 TL, 100 JPY: 7,7178 TL'.

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

**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(30.09.2021)</b>	<b>Euro</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	969.014	1.185.401	851	2.155.266
Financial assets at fair value through profit and loss	187.857	-	-	187.857
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1.301.459	706.329	-	2.007.788
Loans	8.328.099	14.435.394	-	22.763.493
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	1.950.862	-	-	1.950.862
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	9.786	41.502	-	51.288
<b>Total assets</b>	<b>12.747.077</b>	<b>16.368.626</b>	<b>851</b>	<b>29.116.554</b>
<b>Liabilities</b>				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	9.886.742	14.964.222	-	24.850.964
Marketable securities issued	-	-	-	-
Sundry creditors	2.301.979	-	-	2.301.979
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	69.457	349.600	-	419.057
<b>Total liabilities</b>	<b>12.258.178</b>	<b>15.313.822</b>	<b>-</b>	<b>27.572.000</b>
Net balance sheet position	488.899	1.054.804	851	1.544.554
Net off-balance sheet position	(514.710)	(1.065.012)	-	(1.579.722)
Assets on derivative instruments	-	-	-	-
Liabilities on derivative instruments	(514.710)	(1.065.012)	-	(1.579.722)
Non-cash loans	705.153	480.090	-	1.185.243
<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 32% GBP, 41% CHF, 27% JPY.

**SECTION FOUR (Continued)**

**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.

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

**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 (30.09.2021)</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>	-	-	-	-	-	918	918
Banks <sup>(1)</sup>	3.847.374	-	-	-	-	52.340	3.899.714
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	190.684	190.684
Money Market Placements	364.952	-	-	-	-	-	364.952
Financial Assets Measured at Fair Value Through Other Comprehensive Income <sup>(3)</sup>	103.998	845.060	873.919	868.242	55.886	14.991	2.762.096
Loans <sup>(2)</sup>	5.465.615	7.538.238	3.800.012	2.784.466	4.977.134	46.739	24.612.204
Financial Assets Measured at Amortised Cost	-	-	-	2.025.685	62.303	-	2.087.988
Other Assets <sup>(4) (5)</sup>	8.075	-	-	-	-	258.901	266.976
<b>Total Assets <sup>(6)</sup></b>	<b>9.790.014</b>	<b>8.383.298</b>	<b>4.673.931</b>	<b>5.678.393</b>	<b>5.095.323</b>	<b>564.573</b>	<b>34.185.532</b>
<b>Liabilities</b>							
Interbank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	222.905	-	-	-	-	-	222.905
Sundry Creditors	-	-	-	-	-	294.960	294.960
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	4.119.900	5.054.036	6.986.987	4.974.905	5.414.628	-	26.550.456
Other Liabilities <sup>(4)</sup>	233.555	-	-	-	-	6.883.656	7.117.211
<b>Total Liabilities</b>	<b>4.576.360</b>	<b>5.054.036</b>	<b>6.986.987</b>	<b>4.974.905</b>	<b>5.414.628</b>	<b>7.178.616</b>	<b>34.185.532</b>
Long Position On Balance Sheet	5.213.654	3.329.262	-	703.488	-	-	9.246.404
Short Position On Balance Sheet	-	-	(2.313.056)		(319.305)	(6.614.043)	(9.246.404)
Long Position On Off-Balance Sheet	-	-	-	-	-	-	-
Short Position On Off-Balance Sheet	-	-	-	-	-	-	-
<b>Total Position</b>	<b>5.213.654</b>	<b>3.329.262</b>	<b>(2.313.056)</b>	<b>703.488</b>	<b>(319.305)</b>	<b>(6.614.043)</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 (1 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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION FOUR (Continued)**

**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.

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

**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 (30.09.2021)</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	0,42	0,83	-	18,69
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	18,16
Financial assets measured at fair value through other comprehensive income	2,17	3,45	-	11,47
Loans	3,28	4,24	-	15,57
Financial assets measured at amortised cost	5,10	-	-	3,26
<b>Liabilities (*)</b>				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	17,59
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	0,01	0,10	-	13,83
Funds provided from other financial institutions	1,33	2,07	-	13,50

(\*) 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>Current Period (30.09.2021)</b>	<b>Liquidity Coverage Ratio(Weekly Unconsolidated Report)</b>			
	<b>FC</b>	<b>Date</b>	<b>FC+TL</b>	<b>Date</b>
Maximum (%)	116,45	30.07.2021	251,08	17.09.2021
Minimum (%)	75,92	23.07.2021	183,46	24.09.2021

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

**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>	
	TL+FC	FC	TL+FC	FC
<b>Current Period (30.09.2021)</b>				
<b>HIGH-QUALITY LIQUID ASSETS</b>			<b>1.382.583</b>	<b>571.856</b>
Total high-quality liquid assets (HQLA)			1.382.583	571.856
<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	558.817	455.540	444.085	364.904
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	558.817	455.540	444.085	364.904
Secured wholesale funding			-	-
Other cash outflows	1.026.930	1.004.072	1.026.930	1.004.072
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.026.930	1.004.072	1.026.930	1.004.072
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	6.555.086	2.084.653	327.754	104.233
Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>TOTAL CASH OUTFLOWS</b>			<b>1.798.769</b>	<b>1.473.209</b>
<b>CASH INFLOWS</b>				
Secured receivables	-	-	-	-
Unsecured receivables	3.666.775	1.780.930	3.590.237	1.719.217
Other cash inflows	1.077.145	41.387	1.077.145	41.387
<b>TOTAL CASH INFLOWS</b>	<b>4.743.920</b>	<b>1.822.317</b>	<b>4.667.382</b>	<b>1.760.604</b>
			Total Adjusted Value	
<b>TOTAL HIGH-QUALITY LIQUID ASSETS</b>			<b>1.382.583</b>	<b>571.856</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>811.281</b>	<b>690.173</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>170,42</b>	<b>82,86</b>

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

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

**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>	
	TL+FC	FC	TL+FC	FC
<b>Prior Period(31.12.2020)</b>				
<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 BRSAs decision dated 26 March 2020 and numbered 8967, data from 31 December 2020 were used instead of the arithmetic mean.

## **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 loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 89,9%. 1,5% of the Bank's total funding consists of funds, 7,8% 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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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(30.09.2021)</b>								
Assets								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	918	-	-	-	-	-	-	918
Banks	52.340	3.847.374	-	-	-	-	-	3.899.714
Financial Assets at Fair Value through Profit/Loss	190.684	-	-	-	-	-	-	190.684
Interbank Money Market Placements	-	364.952	-	-	-	-	-	364.952
Financial Assets Measured at Fair Value Through Other Comprehensive Income	14.991	80.109	860.021	722.085	849.959	234.931	-	2.762.096
Loans <sup>(2)</sup>	-	261.386	967.414	2.638.604	15.052.199	5.645.862	46.739	24.612.204
Financial Assets Measured at Amortised Cost	-	-	634	32.474	1.993.738	61.142	-	2.087.988
Other Assets <sup>(2)</sup>	-	8.075	-	-	-	-	258.901	266.976
<b>Total Assets<sup>(3)</sup></b>	<b>258.933</b>	<b>4.561.896</b>	<b>1.828.069</b>	<b>3.393.163</b>	<b>17.895.896</b>	<b>5.941.935</b>	<b>305.640</b>	<b>34.185.532</b>
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Other Funding	-	457.505	542.602	2.032.464	13.759.528	9.758.357	-	26.550.456
Interbank Money Market Takings	-	222.905	-	-	-	-	-	222.905
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	294.960	-	-	-	-	-	-	294.960
Other Liabilities <sup>(2)</sup>	122.122	232.905	93.653	-	-	-	6.668.531	7.117.211
<b>Total Liabilities</b>	<b>417.082</b>	<b>913.315</b>	<b>636.255</b>	<b>2.032.464</b>	<b>13.759.528</b>	<b>9.758.357</b>	<b>6.668.531</b>	<b>34.185.532</b>
<b>Liquidity Gap</b>	<b>(158.149)</b>	<b>3.648.581</b>	<b>1.191.814</b>	<b>1.360.699</b>	<b>4.136.368</b>	<b>(3.816.422)</b>	<b>(6.362.891)</b>	<b>-</b>
<b>Net Off-Balance Position</b>	<b>-</b>	<b>3.182</b>	<b>17.708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20.890</b>
Derivative Financial Assets	-	977.642	622.970	-	-	-	-	1.600.612
Derivative Financial Liabilities	-	974.460	605.262	-	-	-	-	1.579.722
<b>Non-Cash Loans</b>	<b>52.614</b>	<b>-</b>	<b>-</b>	<b>38.088</b>	<b>53</b>	<b>1.147.155</b>	<b>-</b>	<b>1.237.910</b>
<b>Prior Period (31.12.2020)</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>
Net Off-Balance Position	-	35	-	-	-	-	-	35
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 1) are shown in other assets.

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

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

**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 30 September 2021, the Bank's leverage ratio calculated from the average of three months is 15,96% (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 (*)</b>	<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	32.904.859	27.094.218
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	32.904.859	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	313.017	122.118
Total derivative financial instruments and loan derivatives exposure	313.017	122.118
<b>Securities financing transaction exposure</b>		
Risks from securities financing transaction exposure assets	113	99
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	113	99
<b>Off-balance sheet items</b>		
Gross notional amounts of off-balance sheet items	7.884.509	8.469.824
(Adjustments for conversion to credit equivalent amounts)	(6.144.603)	(6.906.300)
Total risks of off-balance sheet items	1.739.906	1.563.524
<b>Capital and total risks</b>		
Tier 1 capital	5.579.649	4.407.176
Total risks	34.957.895	28.779.959
<b>Leverage ratio</b>		
Leverage ratio	<b>15,96</b>	<b>15,29</b>

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

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 September 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:**

		<b>Risk Weighted Amount</b>		<b>Minimum Capital Requirement</b>
		<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>	<b>Current Period (30.09.2021)</b>
1	Credit risk (excluding counterparty credit risk) (CCR)	34.288.252	24.300.933	2.743.060
2	Of which standardized approach (SA)	34.288.252	24.300.933	2.743.060
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	891.850	10.520	71.348
5	Of which standardized approach for counterparty credit risk (SA-CCR)	891.850	10.520	71.348
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	70.288	26.800	5.623
17	Of which standardized approach (SA)	70.288	26.800	5.623
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>36.504.193</b>	<b>25.291.162</b>	<b>2.920.335</b>

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	20	-	10	-
CBRT	899	-	1.116	-
Other	-	-	-	-
<b>Total</b>	<b>919</b>	-	<b>1.126</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 (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Unrestricted demand deposit	899	-	1.116	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
<b>Total</b>	<b>899</b>	-	<b>1.116</b>	-

**1.1.2. Information on banks:**

	Current Period (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Banks				
Domestic	1.753.573	2.106.106	1.451.203	2.007.772
Foreign	-	49.160	-	104.899
Foreign head office and branches	-	-	-	-
<b>Total</b>	<b>1.753.573</b>	<b>2.155.266</b>	<b>1.451.203</b>	<b>2.112.671</b>

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Receivables from reverse repo transactions	365.182	-	1.500.739	-
<b>Total</b>	<b>365.182</b>	-	<b>1.500.739</b>	-

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

	Current Period (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash and balances with Central Bank	1	-	1	-
Banks	9.125	-	8.237	-
Receivables from money market	230	-	945	-
<b>Total</b>	<b>9.356</b>	-	<b>9.183</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 (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	222.797	-	205.332	-
Other	-	-	-	-
<b>Total</b>	<b>222.797</b>	-	<b>205.332</b>	-

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

	Current Period (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	129.784	-	63.299	-
Other	-	-	-	-
<b>Total</b>	<b>129.784</b>	-	<b>63.299</b>	-

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Debt Securities	2.752.363	950.554
Quoted on a stock exchange	2.752.363	950.554
Unquoted	-	-
Share Certificates	17.800	17.800
Quoted on a stock exchange	-	-
Unquoted	17.800	17.800
Provision for impairment (-)	(8.067)	(2.812)
<b>Total</b>	<b>2.762.096</b>	<b>965.542</b>

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

	<b>Current Period (30.09.2021)</b>		<b>Prior Period (31.12.2020)</b>	
	TL	FC	TL	FC
Forward transactions	-	-	43	-
Swap transactions	8.075	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>8.075</b>	-	<b>43</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 (30.09.2021)</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	13	-	385	-
<b>Total</b>	<b>13</b>	-	<b>385</b>	-

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)	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>22.157.519</b>	<b>1.484.802</b>	<b>167.098</b>	-
Working capital loans	1.505.286	17.840	30.366	-
Export loans	26.982	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	2.035.241	-	-	-
Consumer loans	13	-	-	-
Credit cards	-	-	-	-
Other	18.589.997	1.466.962	136.732	-
<b>Specialized loans</b>	<b>910.709</b>	<b>168.316</b>	<b>38.454</b>	-
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	-
<b>Total</b>	<b>23.068.228</b>	<b>1.653.118</b>	<b>205.552</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>	-
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>Specialized loans</b>	<b>1.000.405</b>	<b>150.766</b>	<b>37.673</b>	-
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	-
<b>Total</b>	<b>18.885.254</b>	<b>1.131.944</b>	<b>167.014</b>	-

	Current Period (30.09.2021)		Prior Period (31.12.2020)	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
<b>First and Second Stage Expected Loss Reserves</b>				
12 Months expected credit losses	143.151	-	132.139	-
Significant increase in credit risk	-	218.282	-	61.508

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)</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	-	13	13
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	13	13
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>13</b>	<b>13</b>

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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>

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Domestic loans	24.926.898	20.184.212
International loans	-	-
<b>Total</b>	<b>24.926.898</b>	<b>20.184.212</b>

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

TL 3.815 of loan disbursed to Arıçak A.Ş., a subsidiary of the Bank, has been followed at Group V. TL 3.815 default (Stage III) provision has been provided for this loan.

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

	<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Loans and other receivables with limited collectability	76.747	62.005
Loans and other receivables with doubtful collectability	-	-
Uncollectible loans and receivables	82.524	88.373
<b>Total</b>	<b>159.271</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</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Current Period (30.09.2021)</b>			
Gross amounts before specific provisions	-	-	83.879
Restructured loans	122.131	-	-
<b>Prior Period (31.12.2020)</b>			
Gross amounts before specific provisions	127.479	-	91.032
Restructured loans	-	-	-

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

Notes to the Unconsolidated Financial Statements As of 30 September 2021

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

**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 (+)	4.395	-	676
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	(2.334)	-	-
Collections (-)	(7.409)	-	(7.829)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Current Period End Balance (30.09.2021)</b>	<b>122.131</b>	-	<b>83.879</b>
Specific provision(-)	(76.747)	-	(82.524)
<b>Net Balance on Balance Sheet</b>	<b>45.384</b>	-	<b>1.355</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 (30.09.2021)</b>			
Interest accruals and rediscount with valuation differences	804	-	7.821
Provision amount (-)	(804)	-	(7.821)
<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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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) (30.09.2021)</b>	<b>45.384</b>	-	<b>1.355</b>
Loans to Real Persons and Legal Entities (Gross)	122.131	-	83.879
Specific provisions (-)	(76.747)	-	(82.524)
Loans to Real Persons and Legal Entities (Net)	45.384	-	1.355
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>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.g) 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 6 July 2021 and numbered 31533, 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 is deducted from records within the scope of TFRS 9 as of the first reporting period following their classification in this group. As of 30 September 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 1 (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:**

	Current Period (30.09.2021)	Prior Period (31.12.2020)
Government bonds	10.637	10.184
Treasury bills	-	-
Other government debt securities	-	-
<b>Total</b>	<b>10.637</b>	<b>10.184</b>

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

	Current Period (30.09.2021)	Prior Period (31.12.2020)
Government bonds	2.089.304	1.717.342
Treasury bills	-	-
Other government debt securities	-	-
<b>Total</b>	<b>2.089.304</b>	<b>1.717.342</b>

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

	Current Period (30.09.2021)	Prior Period (31.12.2020)
Debt Securities	2.089.304	1.717.342
Quoted on a stock exchange	2.089.304	1.717.342
Unquoted	-	-
Provision for impairment (-)	-	-
<b>Total</b>	<b>2.089.304</b>	<b>1.717.342</b>

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

	Current Period (30.09.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	1.717.342	1.066.213
Foreign currency difference on monetary assets	287.205	391.586
Purchases during the year <sup>(*)</sup>	96.024	286.145
Disposals through sales and redemptions <sup>(**)</sup>	(11.267)	(26.602)
Provision for impairment (-)	-	-
<b>Current period end balance</b>	<b>2.089.304</b>	<b>1.717.342</b>

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

(\*\*) Disposals through sales and redemptions consist of TL 1.669 redemptions, TL 9.568 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. (*)	İstanbul	10	24,69

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

**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	62.398	41.598	5.083	-	-	10.473	4.538	-
2	54.877	52.754	-	813	-	6.678	4.603	-

(\*) The financial information of Maksan A.Ş. and Türk Suudi Holding A.Ş. are provided from the unaudited financial statements as of 30 June 2021. Prior period information is provided from the unaudited financial statements as of 30 June 2020.

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

	Current Period (30.09.2021)	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.

	<b>Title</b>	<b>Address (City/Country)</b>	<b>Bank's share percentage-if different voting rate (%)</b>	<b>Bank's risk group share rate (%)</b>
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:**

<b>(*)</b>	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Securities Income</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Fair Value</b>
1	93	50	-	-	-	-	-	-
2	6.624	4.102	623	249	-	1.372	(270)	-

(\*)The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. are provided from the unaudited financial statements as of 30 September 2021, the previous period profit/loss amount of Varlık Kiralama A.Ş. is provided from unaudited financial statements as of 30 September 2021, the previous period profit/loss amount of Portföy Yönetim A.Ş. is provided from audited financial statements as of 31 December 2020.

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

	<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
<b>Balance at the beginning of the period</b>	<b>1.850</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 (30.09.2021)</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. Positive differences table related to derivative financial instruments held for hedging purposes:**

The Bank does not have derivative financial instruments held for hedging purposes.

**6. Information on tangible 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 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.

**8. Information on investment properties:**

None.

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

None.

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

**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 September 2021, the Bank has a deferred tax asset of TL 88.459. (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 September 2021, the Bank has no tax assets calculated over the period loss or tax deduction. (31 December 2020: None).

	<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
<b>Deferred Tax Assets</b>		
From amortizations	-	169
From severance payments	2.802	2.084
Securities portfolio internal yield-exchange rate difference	7.915	3.058
Actuarial differences	-	82
Other non-financial treasury bills and government bonds	2.431	-
Personnel bonus premium provision	-	5.955
TFRS 9 Provision	77.483	12.434
Other	429	356
<b>Total Deferred Tax Assets</b>	<b>91.060</b>	<b>24.138</b>
<b>Deferred Tax Liabilities</b>		
From amortizations	107	-
From interest rediscounts	98	1.109
Actuarial differences	138	-
Financial institutions bills in securities portfolio	174	357
Other non-financial treasury bills and government bonds	-	4.499
TFRS 16 Leasing	75	174
Derivative financial assets	2.009	-
Other	-	9
<b>Total Deferred Tax Liability</b>	<b>2.601</b>	<b>6.148</b>
<b>Net Deferred Tax Asset /Liabilities)</b>	<b>88.459</b>	<b>17.990</b>

**11. Information on other assets:**

	<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Inventory	185	165
Prepaid expenses	65.759	52.965
Temporary account debtor	1.486	753
Sundry receivables	17.976	220
<b>Total</b>	<b>85.406</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 (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	1.678.566	-	782.206	-
From domestic banks and institutions	1.192	2.113.518	-	2.011.161
From foreign banks, institutions and funds	-	22.657.934	-	18.969.372
<b>Total</b>	<b>1.679.758</b>	<b>24.771.452</b>	<b>782.206</b>	<b>20.980.533</b>

(\*) The bills amounting to TL 2.879.648 (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 (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Short-term	-	233.325	-	94.126
Medium and long-term	1.679.758	24.538.127	782.206	20.886.407
<b>Total</b>	<b>1.679.758</b>	<b>24.771.452</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 Finance, Central Bank of the Republic of Turkey and Export Credit Bank of Turkey origin.

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

	Current Period (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Funds provided under repurchase agreements	222.905	-	205.378	-
<b>Total</b>	<b>222.905</b>	<b>-</b>	<b>205.378</b>	<b>-</b>

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

None.

**5. Explanations on funds:**

Of the TL 454.923 which was provided by the Bank (31 December 2020: TL 245.216), TL 1.620 is from the World Bank, TL 395 is from the European Investment Bank, TL 20.005 is from the Treasury and Ministry of Finance and TL 432.883 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 (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Forward transactions	-	-	47	-
Swap transactions	9.754	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>9.754</b>	-	<b>47</b>	-

**8. Information on factoring liabilities:**

None.

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

	Current Period (30.09.2021)		Prior Period (31.12.2020)	
	Gross	Net	Gross	Net
Less than 1 year	6.624	4.786	6.573	4.219
1-4 years	7.219	6.309	11.412	9.356
More than 4 years	-	-	-	-
<b>Total</b>	<b>13.843</b>	<b>11.095</b>	<b>17.985</b>	<b>13.575</b>

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

The Bank does not have derivative financial instruments held for hedging purposes.

**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 September 2021, the first stage expected loss provision is TL 15.043 (31 December 2020: 11.047) and the third stage expected loss provision is 1 TL (31 December 2020: 1 TL) for unindemnified non-cash loans.

**11.c) Other provisions:**

- i) i) As of 30 September 2021, there are 191 lawsuits filed against the Bank, with a risk amount of TL 6.073. The Bank has set aside provisions amounting to TL 1.124 for lawsuits that are thought to result or are likely to result in adverse outcomes.
- ii) The Bank accounts provisions for employee benefits in accordance with the provisions of Turkish Accounting Standards No: 19 and recognized it in financial statements. As of 30 September 2021, the Bank allocated provision for severance pay amounting to TL 6.376 (31 December 2020: TL 6.352), for unused vacation accruals amounting to TL 4.831 (31 December 2020: TL 2.871) and for TAS 19 employee benefits provision amounting to TL 26.163 (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:**

<b>Corporate Tax and Deferred Tax</b>	<b>Current Period</b> <b>(30.09.2021)</b>		<b>Prior Period</b> <b>(31.12.2020)</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Corporate tax payables	93.653	-	38.708	-
Deferred tax payables	-	-	-	-
<b>Total</b>	<b>93.653</b>	<b>-</b>	<b>38.708</b>	<b>-</b>

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

	<b>Current Period</b> <b>(30.09.2021)</b>	<b>Prior Period</b> <b>(31.12.2020)</b>
Corporate tax payable	93.653	38.708
Income tax withheld from wages	1.834	1.501
Taxation on income on marketable securities	128	141
Property tax	-	2
Banking insurance transaction tax (BITT)	2.438	1.712
Foreign exchange transaction tax	157	115
Value added tax payable	179	175
Stamp tax	60	64
Other	34	28
<b>Total</b>	<b>98.483</b>	<b>42.446</b>

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

	<b>Current Period</b> <b>(30.09.2021)</b>	<b>Prior Period</b> <b>(31.12.2020)</b>
Social security premiums- Employee	637	1.009
Social security premiums- Employer	934	1.477
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	26	-
Pension fund membership fees and provisions- Employer	33	-
Unemployment insurance- Employee	45	72
Unemployment insurance- Employer	91	144
Other	20	-
<b>Total</b>	<b>1.786</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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	1.724.203	-	1.480.186
Subordinated loans	-	1.724.203	-	1.480.186
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	577.776	-	513.057
Subordinated loans	-	577.776	-	513.057
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.301.979</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 (30.09.2021)	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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)</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 (30.09.2021)</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 (30.09.2021)</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	(9.560)	5.028	4.509	10.405
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(9.560)</b>	<b>5.028</b>	<b>4.509</b>	<b>10.405</b>

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Forward asset purchase and sales commitments	176.616	-
Other irrevocable commitments	110.944	24.399
<b>Total</b>	<b>287.560</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 September 2021, the first stage expected loss provision is TL 15.043 (31 December 2020: TL 11.047), and the third stage expected loss provision is TL 1 (31 December 2020: TL 1) for non-compensated 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 letter of credit commitments amounting to TL 38.089 (31 December 2020: TL 33.822) and guarantees given amounting to TL 221.877 (31 December 2020: None). There are no bank loans..

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

Total amount of the Bank's letters of guarantee are TL 977.944 (31 December 2020: TL 696.834). All of this amount consists of definite letters of guarantees.

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

	<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Non-cash loans for providing cash loans	221.877	-
With original maturity of one year or less	-	-
With original maturity more than one year	221.877	-
Other non-cash loans	1.016.033	730.656
<b>Total</b>	<b>1.237.910</b>	<b>730.656</b>

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 consist of swap purchasing and selling transactions. Swap transactions in TL, USD and EUR are shown in the table below as of 30 September 2021.

	Current Period (30.09.2021)				Prior Period (31.12.2020)			
	Demand Purchase	Demand Selling	Swap Purchase	Swap Selling	Demand Purchase	Demand Selling	Swap Purchase	Swap Selling
TL	-	-	1.600.612	-	7.424	7.386	-	-
USD	-	-	-	1.065.012	16.582	10.186	-	-
Euro	-	-	-	514.710	2.742	9.141	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.600.612</b>	<b>1.579.722</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 Luxemburg, 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, 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, EUR 60.000 on 29 July 2021.

With reference to the above capital contributions, out of the Bank's total commitment of EUR 3 million, EUR 1.305.000 have been paid, EUR 1.695.000 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.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)		Prior Period (30.09.2020)	
	TL	FC	TL	FC
<b>Interest on loans<sup>(*)</sup></b>				
Short term loans	2.059	1.097	241	8.998
Medium and long term loans	181.922	635.490	31.929	538.468
Interest on non-performing loans	33.033	-	5.816	-
<b>Total</b>	<b>217.014</b>	<b>636.587</b>	<b>37.986</b>	<b>547.466</b>

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

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

	Current Period (30.09.2021)		Prior Period (30.09.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	269.035	16.248	90.036	4.279
From foreign banks	-	8	-	51
From foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>269.035</b>	<b>16.256</b>	<b>90.036</b>	<b>4.330</b>

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

	Current Period (30.09.2021)		Prior Period (30.09.2020)	
	TL	FC	TL	FC
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets at fair value through other comprehensive income	94.327	24.273	62.934	10.313
Financial assets measured at amortised cost	19.463	64.616	10.175	51.180
<b>Total</b>	<b>113.790</b>	<b>88.889</b>	<b>73.109</b>	<b>61.493</b>

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

None.

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

	Current Period (30.09.2021)		Prior Period (30.09.2020)	
	TL	FC	TL	FC
Money market transactions	-	-	81	-
Reverse repurchase agreements	123.729	-	28.590	-
<b>Total</b>	<b>123.729</b>	<b>-</b>	<b>28.671</b>	<b>-</b>

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)		Prior Period (30.09.2020)	
	TL	FC	TL	FC
Banks <sup>(*)</sup>	109.333	517	7	953
Central Bank of the Republic of Turkey	109.333	-	-	-
Domestic banks	-	517	7	953
Foreign banks	-	-	-	-
Foreign head office and branches	-	-	-	-
Other Institutions <sup>(*)</sup>	1.161	367.653	738	348.061
<b>Total</b>	<b>110.49</b>	<b>368.1</b>	<b>745</b>	<b>349.0</b>
	<b>4</b>	<b>70</b>		<b>14</b>

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

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

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 (30.09.2021)		Prior Period (30.09.2020)	
	TL	FC	TL	FC
Money market transactions	423	-	10	-
Repurchase agreements	29.965	-	3.556	-
<b>Total</b>	<b>30.388</b>	<b>-</b>	<b>3.566</b>	<b>-</b>

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

	Current Period (30.09.2021)		Prior Period (30.09.2020)	
	TL	FC	TL	FC
Buildings	1.626	-	2.021	-
Vehicles	213	-	353	-
<b>Total</b>	<b>1.839</b>	<b>-</b>	<b>2.374</b>	<b>-</b>

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

	Current Period (30.09.2021)	Prior Period (30.09.2020)
Financial assets at fair value through profit and loss	52.415	562
Financial assets at fair value through other comprehensive income	785	1.035
Other	5.277	-
<b>Total</b>	<b>58.477</b>	<b>1.597</b>

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)</b>	<b>Prior Period (30.09.2020)</b>
<b>Gain</b>	<b>235.826</b>	<b>90.051</b>
Gains on capital market operations	61.695	5.983
Gains on derivative financial instruments	90.974	25.604
Foreign exchange gains	83.157	58.464
<b>Loss (-)</b>	<b>(124.434)</b>	<b>(85.689)</b>
Losses from the capital market operations	(254)	-
Losses on derivative financial instruments	(55.126)	(75.923)
Foreign exchange losses	(69.054)	(9.766)

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

	<b>Current Period (30.09.2021)</b>	<b>Prior Period (30.09.2020)</b>
Income from sale of assets	6.315	82.758
Reversals from prior years' provisions	27.549	25.887
Other	9.958	6.687
<b>Total</b>	<b>43.822</b>	<b>115.332</b>

Generally, the Bank's other operating income consists of the cancellations of expected loss provisions, subsidiaries and equity instruments impairment provisions, premium-dividend provisions and income from sales of assets.

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

	<b>Current Period (30.09.2021)</b>	<b>Prior Period (30.09.2020)</b>
Expected credit loss provisions	202.396	94.204
12 month expected credit loss (Stage 1)	17.179	63.318
Significant increase in credit risk (Stage 2)	156.775	25.100
Non-performing Loans (Stage 3)	28.442	5.786
Marketable securities impairment expense	-	-
Financial assets at fair value through profit or loss	-	7.486
Financial assets at fair value through other comprehensive income	-	-
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses	29.884	25.772
<b>Total</b>	<b>232.280</b>	<b>127.462</b>

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 (30.09.2021)</b>	<b>Prior Period (30.09.2020)</b>
Provision for employee termination benefits <sup>(*)</sup>	1.350	1.692
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	5.854	6.827
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	2.728	1.361
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	17.361	13.844
Leasing expenses related to TFRS 16 exceptions	77	82
Maintenance expenses	313	465
Advertisement expenses	29	136
Other expenses <sup>(**)</sup>	16.942	13.161
Loss on sale of assets	-	1.588
Other	15.310	8.582
<b>Total</b>	<b>42.603</b>	<b>33.894</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 1031 of other expenses is from cleaning expenses (30 September 2020: TL 1.522), TL 2.909 is from communication expenses (30 September 2020: TL 2.910), TL 476 is from security expenses (30 September 2020: TL 1.595), TL 3.437 is from computer usage expenses (30 September 2020: 1.258 TL), TL 173 is from heating, lighting and water expenses (30 September 2020: TL 928), TL 2.705 is from vehicle expenses (30 September 2020: TL 2.113), TL 449 amount consists of dues (30 September 2020: TL 357) and the remaining amount of TL 5.762 (30 September 2020: TL 2.478) consists of other miscellaneous expenses.

<sup>(\*\*\*)</sup> The part of the other amounting to TL 8.546 is from taxes, duties, fees and fund expenses (30 September 2020: TL 3.126), TL 3.179 from audit and consultancy fees (30 September 2020: TL 2.916), TL 2.906 is from BRSA participation share (30 September 2020 : TL 2.357) and the remaining amount of TL 679 (30 September 2020: TL 1.770) consists of other miscellaneous expenses.

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

As of 30 September 2021, the Bank's income before tax from the continuing operations is TL 829.742 (30 September 2020: TL 412.732) and the Bank has no discontinued operations.

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

As of 30 September 2021, the Bank's income tax provision from continuing operations amounting to TL 176.568, (30 September 2020: TL 76.864) consists of TL 240.172 of current tax charge (30 September 2020: TL 96.691), TL 63.574 of deferred tax income effect (30 September 2020: 19.827 deferred tax income effect).

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

The Bank has earned net profit of TL 653.174 from continuing operations between 1 January 2021 and 30 September 2021 (Between 1 January 2020-30 September 2020: TL 335.868).

**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 September 2021 is TL 28.824 (30 September 2020: TL 25.416). TL 15.110 (30 September 2020: TL 3.603) of this amount is investment banking services income, TL 5.137 (30 September 2020: TL 6.554) is loan commitment commissions, TL 2.777 (30 September 2020: TL 3.095) is loan early payment compensations.

As of 30 September 2021, the total amount of other fees and commissions given in the profit or loss statement is TL 13.150 (30 September 2020: TL 2.800). TL 6.270 (30 September 2020: 375) of this amount is credit guarantee fund limit commissions and TL 1.901 (30 September 2020: TL 968) is listing fees.

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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:**

<b>Risk Group</b>	<b>Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)</b>		<b>Direct or Indirect Shareholders of the Bank</b>		<b>Other Real and Legal Persons in the Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans	-	-	-	-	-	-
Beginning Balance	3.759	-	-	-	-	-
Closing Balance (*)	3.815	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(\*) TL 3.815 of loan disbursed to Aricak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.815 is set aside for the expected loss in the third stage.

**b) Prior Period:**

<b>Risk Group</b>	<b>Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)</b>		<b>Direct or Indirect Shareholders of the Bank</b>		<b>Other Real and Legal Persons in the Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans	-	-	-	-	-	-
Beginning Balance	1.785	-	-	-	-	-
Closing Balance (*)	3.759	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(\*) TL 3.759 of loan disbursed to Aricak 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 Executive Vice Presidents are presented below.

	<b>Current Period (30.09.2021)</b>	<b>Prior Period (30.09.2020)</b>
Salaries	6.324	6.267
Dividend and fringe benefits	1.594	1.191
<b>Total</b>	<b>7.918</b>	<b>7.458</b>

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION SIX**

**OTHER EXPLANATIONS**

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

The Bank's unconsolidated financial statements as of and for the period ended 30 September 2021 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the review report dated 1 November 2021 is presented at the beginning of the financial statements and related notes.

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

Sales transactions of lease certificates based on management contracts amounting to TL 50.000 with 90 days maturity for qualified domestic investors, of which the Bank is a fund user, were completed on 12 October 2021 by Ziraat Yatırım Menkul Değerler A.Ş.

With the decision of the Board of Directors of the Bank dated 22 October 2021, it was decided to increase the issued capital of the Bank from TL 1.600.000 to TL 2.000.000 by increasing TL 400.000 within the registered capital ceiling of TL 10.000.000 in order to increase placement opportunities.

On 27 October 2021, the Asian Infrastructure Investment Bank approved the financing of USD 100 million to the Bank for the financing of renewable energy and energy efficiency projects.

## **SECTION SEVEN**

### **INTERIM ACTIVITY REPORT**

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

The global economy, which contracted due to the coronavirus epidemic that affected the whole world in 2020, started to recover as of the second half of the year, thanks to the supportive measures and expansionary policies. With the acceleration of vaccination worldwide and the strong financial support provided, global growth is expected to reach 5.9 percent in 2021, and the global trade volume is expected to increase by 9.7 percent.

Turkey has grown by 1.8 percent in 2020, becoming one of the two G-20 countries with positive growth, along with China. The Turkish economy, which has grown continuously for the last four quarters with the contribution of strong domestic demand, is expected to maintain its growth performance in the rest of the year. As of the second quarter, the continuation of the strong export performance accompanying the recovery in domestic demand and the revival in the services sector, especially in tourism, are expected to support the positive course of growth.

In the third quarter of 2021, our Bank's assets increased by 37.5 percent compared to the same period of the previous year, while our operating income increased by 85.1 percent. As of the end of the third quarter of 2021, the amount of our loans, which constitute 73.5 percent of our total assets, increased by 28.3 percent compared to the same period of the previous year and reached 25.1 billion TL, while our third quarter profit was 653.2 million TL. In the third quarter of 2021, the capital adequacy ratio was 18 percent.

Our Bank, which has created its roadmap in line with Turkey's development priorities with the mission of supporting the inclusive and sustainable development of our country, will continue its financial support to companies, especially sustainability-themed investments, in order to strengthen the added value it provides to the economy. In this context, our Bank will continue its devoted efforts to diversify its portfolio and develop new projects and themes.

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION SEVEN (Continued)****INTERIM ACTIVITY REPORT (Continued)****II. CEO and Board Member's Assessment**

As of 2021, with the countries continuing their normalization steps and expansionary policies, the recovery in global economic activity accelerated. The Turkish economy, which has recovered rapidly, thanks to the measures taken to reduce the negative impact of the epidemic, is expected to grow about 10 percent in 2021.

The Turkish Banking Sector displayed a positive performance in terms of assets, loans and net profit growth in the first eight months of 2021. While the total assets of the sector increased by 16.3 percent on an annual basis at the end of August 2021, reaching 6.8 trillion TL, loans, which constitute the largest share in asset items, increased by 12.3 percent and reached 3.9 trillion TL. The net profit of the sector increased to 48.5 billion TL with an annual increase of 12.8 percent in the first eight months of the year, while the capital adequacy standard ratio decreased by 2.0 points compared to the same month of the previous year and was realized as 17.3 percent.

As of September 2021, our Bank's assets grew by 37.5 percent compared to the same period of the previous year, reaching TL 34.2 billion. Our loans, which constitute 73.5 percent of our total assets, increased by 28.3 percent on an annual basis and reached 25.1 billion TL in September 2021. The ratio of gross non-performing loans to total loans increased by 0.3 points compared to the same period of the previous year and was realized as 0.8 percent in the third quarter of the year. Our capital adequacy ratio was 18 percent in the third quarter. Our profit for the nine-month period in 2021 was 653.2 million TL.

In addition to the USD 200 million loan agreement signed with the Asian Infrastructure Investment Bank in 2019, an additional loan agreement of USD 100 million was provided to provide financing support for renewable energy and energy efficiency projects.

Turkey's first social sukuk issuance was successfully carried out by our Bank, by breaking new ground in the field of investment banking and sustainable finance in line with the objectives of sustainable development.

Our Bank has been the first institution in Turkey to sign the Impact Management Working Principles (Impact Principles).

The Regional Development Fund and the Technology and Innovation Fund, operating under the Development Fund of Turkey, are managed through the Development Private Equity Portfolio Management Inc. which is our 100 percent subsidiary. While the Technology and Innovation Fund made its second venture investment in Virasoft, which operates in the field of digital pathology and artificial intelligence-based decision support software, it also became an investor in Revo Fund II, 500 Istanbul Fund II and ScaleX funds. Also in 2021, the Innovative and Advanced Technologies Participation Venture Capital Investment Fund, which is the founder and manager of Development Private Equity Portfolio Management Inc. and the main investor of participation finance institutions, and which will invest in startups that produce technologies that can also be used by the defense industry, is established. Together with these funds, the total size of the managed funds has exceeded 1 billion TL.

With its sustainable development banking mission, our bank will continue to support impact investments with thematic resources it brings from both national and international markets and will continue to develop innovative products and solutions that prioritize sustainable development within the scope of investment banking and consultancy services.

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

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

**Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**III. Summary Financial Information and Ratios**

<b>Balance Sheet (Thousand TL)</b>	<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Total Assets	34.185.532	28.073.370
Financial Assets	7.226.439	6.141.866
Loans	25.132.908	20.402.723
Financial Assets Measured at Amortized Cost	2.089.304	1.717.342
Expected Credit Losses (-)	522.286	345.110
Loans Obtained -Funds-Money Market Debts	27.129.038	22.213.333
Subordinated Debt Instruments	2.301.979	1.993.243
Equity (Including Profit)	4.222.587	3.588.199

<b>Profit / Loss (Thousand TL)</b>	<b>Current Period (30.09.2021)</b>	<b>Prior Period (30.09.2020)</b>
Interest Income (Net)	935.770	487.329
Non-Interest Income/Expense (Net)	(106.028)	(74.597)
Tax Provision (-)	176.568	76.864
Net Profit / Loss	653.174	335.868

<b>Ratios (%)</b>	<b>Current Period (30.09.2021)</b>	<b>Prior Period (31.12.2020)</b>
Total Loans / Total Assets	73,5	72,7
Loans Under Follow-Up / Total Loans	0,8	1,1
Equity / Total Assets	12,4	12,8
Loans Obtained / Total Liabilities	77,4	77,5
Capital Adequacy Ratio	18,1	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. During the period of July-September 2021, the Board of Directors held 3 meetings and took a total of 51 decisions, 6 of which were Interim Decisions and 45 of which 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 July – September 2021 period, the Audit Committee held 3 meetings and took 15 decisions.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION SEVEN (Continued)****INTERIM ACTIVITY REPORT (Continued)****IV. Bank Management (Continued):****3. Corporate Governance Committee**

Name Surname	Duty
Erdal ERDEM	Head of Corporate Governance Committee
Salim Can KARAŞIKLI	Vice Chairman of the Corporate Governance Committee
Metin YILMAZ	Corporate Governance Committee Member

**4. Pricing Committee**

Name Surname	Duty
Salim Can KARAŞIKLI	Chairman of the Pricing Committee
Murat ZAMAN <sup>(*)</sup>	Pricing Committee Member

<sup>(\*)</sup> Pricing Committee Member Murat ZAMAN resigned from his duties in the Bank as of 22 October 2021.

The Pricing Committee did not convene in the July-September 2021 period.

**5. Units Under Internal Systems**

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

**V. Capital and Shareholder Structure**

Shareholders	Current Capital Share (TL)	%
Republic of Turkey Ministry of Treasury and Finance	1.585.304.488,49	99,08
Other <sup>(*)</sup>	14.695.511,51	0,92
<b>Total</b>	<b>1.600.000.000,00</b>	<b>100</b>

<sup>(\*)</sup> 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 III. 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 September 2021, entire ammmount of the 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 17 August 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 September 2021, a total of EUR 104 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 9 September 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 September 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.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION SEVEN (Continued)****INTERIM ACTIVITY REPORT (Continued)****VI. Activities of the Bank's III. Term in 2021 (Continued)**

Negotiations on obtaining USD 170 million GREEN III titled energy and efficiency loan from Japan International Development Bank have been signed on 29 March 2021. Credit disbursement and reporting studies are ongoing.

Negotiations have started with the World Bank to provide a loan of 150 million USD to be used in the financing of geothermal energy projects. The loan agreement is expected to be signed in the last quarter of 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 German Development Bank.

International Rating Agency Fitch Ratings announced the Bank's credit rating as BB- Stable as of 20 May 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 Clean Technology Fund (CTF) 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 and 2 projects were removed from the program as they requested. Within the scope of the first contract signed, the second geothermal well Çömlekçi-3A, close to the Çömlekçi-3 geothermal well, which was abandoned in the Kitreli-Çömlekçi license area of 3S Kale Niğde Enerji Üretim Inc., has started on 8 August 2021 and continues at a depth of 802 meters as of 30 September 2021. The drilling activity of Sivrihisar-4 geothermal well, which started on 30 June 2021 in the Bozköy license area of the same company, was completed on 18 August 2021 at a depth of 3957 meters. Sivrihisar-4 geothermal well completion tests were carried out on 24-28 August 2021, and according to the first results obtained from the evaluation of the tests, it was determined that the well did not meet the success criteria determined under the contract. However, as acidification is planned to clean the flow area from the reservoir to the well and to increase permeability, the operation will be carried out in October. Studies about other projects are continuing in scope of RPM first round implementations.

The technical, financial, environmental and social evaluations of the application files realized within the scope of the RPM second round have been completed, and it has been decided to include the 10 projects with the highest score out of 14 geothermal resource development projects in the second round application program. The preparations for the notification of the evaluation results to all project owners who have applied are continuing, and at the next process, preparations will start for World Bank's approval of the first two projects with the highest score.

Another project carried out by our Bank's Engineering Department is the GEORISK project. The GEORISK project, which is being carried out within the scope of the EU-UFUK 2020 Program, aims to establish a methodology for the determination of geothermal investment risks in European countries and to develop and spread out existing risk sharing systems. The project was completed on 30 September 2021, and the Capacity Building Report prepared by our Bank was submitted to the project coordinator. In addition, our Bank participated in the last project meeting held in Friborg, Switzerland on 22 September 2021, and informations about the works carried out within the scope of the project and prepared capacity building report were presented to the project participants. In the continuing process, the Technical and Financial Final reports of the Project will be prepared and will be submitted to the project coordinator.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**SECTION SEVEN (Continued)****INTERIM ACTIVITY REPORT (Continued)****VI. Activities of the Bank's III. 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, Adiyaman, 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. Financial support has been provided to total 83 projects of 24 countries and 11 Organization of Islamic Cooperation organizations until today.

COMCEC Project Finance 2021 budget is USD 1.7 million, and there are 41 projects in total, whose financial support has been finalized under 3 separate programs in 2021.

**Crediting Activities**

In the period of July - September 2021, credit applications from 18 companies were accepted as TL 652 million, EUR 3 million and USD 163 million from Marketing Department, with a total value of TL 2.132 million. 81% (1.736 million TL) of these applications belong to the manufacturing industry, 9% (181 million TL) to energy and 10% (215 million TL) to other sectors.

In the period of July - September 2021, 24 companies were provided with loans of EUR 29 million, USD 58 million and TL 434 million, with a total value of TL 1.224 million. 64% of the loans granted belong to the manufacturing industry, 31% to energy, 4% to financial institutions and 1% to the tourism 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.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements As of 30 September 2021**

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

**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 July – September 2021, 7 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 31 March 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 26 February 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, 158.530.488.848,9 shares corresponding a capital of TL 1.585.304.488,489 were per procurationem; 6.204.176,2 shares corresponding a capital of TL 62.401,762 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 29 April 2009, and is available on the Bank's website as of 1 May 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 July- September 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, 7 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. 6 special case announcements were made during the period of July – September 2021. No additional explanation requests were made by the CMB and Borsa İstanbul regarding the announcements made.