Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Publicly announced unconsolidated financial statements and related disclosures at September 30, 2021 together with auditor’s review report and interim activity report

(Convenience translation of unconsolidated financial statements and independent auditor’s review report originally issued in Turkish, See Note I. of Section Three)

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(Convenience Translation of the Independent Auditors' Report Originally Issued in Turkish, See Note I in Section Three)

INTERIM REVIEW REPORT

To the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş.

Introduction

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

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited 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 the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Basis for Qualified Conclusion

As explained in Note 7 of the Explanations and Disclosures related to the Liabilities, the accompanying unconsolidated financial statements as at 30 September 2021 include a free provision amounting to TL 400.000 thousand of which TL 220.000 thousand and TL 180.000 thousand were provided in prior years and current year respectively by the Bank management, for the possible effects of the negative circumstances which may arise in the economy or market conditions. Due to the fact that the above-mentioned items do not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the "Prior Years' Profit/Loss" as of 30 September 2021 and 31 December 2020 and "Net Profit/Loss" for the nine-month then period ended 30 September 2021 are understated by TL 220.000 thousands, TL 180.000 thousands respectively.

Qualified Conclusion

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. at 30 September 2021 and the results of its operations and its cash flows for the nine-month period then ended 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 financial information provided in the accompanying interim activity report in Section Seven, are not consistent with the unconsolidated financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English

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

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

Fatma Ebru Yücel, SMMM
Partner

1 November 2021
İstanbul, Türkiye

THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. FOR THE NINE MONTH PERIOD THEN ENDED 30 SEPTEMBER 2021

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The unconsolidated financial report for the nine month period then ended includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanations and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency:

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

The accompanying unconsolidated financial statements and the explanatory footnotes and disclosures for the nine month period then ended, unless otherwise indicated, are prepared **in thousands of Turkish Lira ("TL"),** in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents. Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, and have been independently reviewed and presented as attached.

1 November 2021

Adnan BALİ	**Ece BÖRÜ**	**Aziz Ferit ERASLAN**	**Tolga SERT**
Chairman of Board of Directors	**Member of Board of Directors and General Manager**	**Executive Vice President In Charge Of Financial Reporting**	**Head of Financial Control Department**

Mahmut MAGEMİZOĞLU	**Gamze YALÇIN**
Chairman of Audit Committee	**Member of Audit Committee**

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

Name-Surname / Title **:** Gizem Pamukçuoğlu / Head of Financial Institutions and Investor Relations Department
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(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. The Bank's incorporation date, beginning status, changes in the existing status

Türkiye Sınai Kalkınma Bankası A.Ş. ("The Bank") was established in accordance with the decision of President of the Republic of Turkey numbered 3/11203 on 12 May 1950. This decision was declared by T.R. Office of Prime Ministry Procedures Directorate Decision Management on 12 May 1950.

According to the classification set out in the Banking Law No: 5411, the status of the Bank is "Development and Investment Bank". The Bank does not have the license of "Accepting Deposit". Since the establishment date of the Bank, there is no change in its "Development and Investment Bank" status.

II. Explanations regarding the Bank's shareholding structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current year, if any and explanations on the controlling group of the Bank

Türkiye İş Bankası A.Ş. has the authority of managing and controlling power of the Bank directly or indirectly, alone or together with other shareholders. Shareholders of the Bank are as follows:

Current Period **Name Surname/Commercial Title**	**Share Capital**	**Shareholding Rate (%)**	**Paid in Capital**	**Unpaid Capital**
T. İş Bankası A.Ş. Group	1.425.781	50,92	1.425.781	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.139.649	40,70	1.139.649	-
Total	**2.800.000**	**100,00**	**2.800.000**	-

Prior Period **Name Surname/Commercial Title**	**Share Capital**	**Shareholding Rate (%)**	**Paid in Capital**	**Unpaid Capital**
T. İş Bankası A.Ş. Group	1.425.781	50,92	1.425.781	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.139.649	40,70	1.139.649	-
Total	**2.800.000**	**100,00**	**2.800.000**	-

The Bank shares are traded in Istanbul Stock Exchange ("BIST") since 26 December 1986. The Bank's 50,92% of the shares belongs to İş Bank Group and 41,33 % of these shares are in free floating and traded in BIST Star Market with "TSKB" ticker.

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

SECTION ONE (Continued)
GENERAL INFORMATION (Continued)

III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistant general managers and their shares and responsibilities in the Bank

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)
Adnan Bali (2)	Chairman of the Board of Directors
Mahmut Magemizoğlu	Vice Chairman of the Board of Directors and Chairman of the Audit Committee
Ece Börü	Member of the Board of Directors and Genaral Manager
Bahattin Özarslantürk	Member of the Board of Directors
Mithat Rende	Member of the Board of Directors
Zeynep Hansu Uçar	Member of the Board of Directors
Ozan Uyar	Member of the Board of Directors
Abdi Serdar Üstünsalih	Member of the Board of Directors
Gamze Yalçın	Member of the Board of Directors and Member of Audit Committee
Hüseyin Yalçın	Member of the Board of Directors
Cengiz Yavilioğlu (3)	Member of the Board of Directors

General Manager and Vice Presidents

Name Surname	Title / Area of Responsibility
Ece Börü	General Manager
Hakan Aygen	Executive Vice President - Corporate Finance, Loan Analysis, Loan Allocation, Specialized Loans
A. Ferit Eraslan	Executive Vice President – Financial Control, Budget Planning, Corporate Compliance
Aslı Zerrin Hancı	Executive Vice President – Treasury, Treasury & Capital Markets Operations, Loan Operations, Corporate Communication
Hasan Hepkaya	Executive Vice President – Consultancy Services and Marketing, Corporate Banking Selling, Project Finance, Economic Research, Financial Consultancy
Meral Murathan	Executive Vice President – Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, Engineering and Technical Consultancy
Engin Topaloğlu(5)	Executive Vice President – Board of Inspectors, Risk Management, Internal Control

(1) The shares of above directors in the Bank are symbolic.

(2) The Member of the Board of Directors and Chairman of the Board of Directors of the Bank Mr. H. Ersin Özince resigned from his duty as a member of the Board of Directors and Chairman of the Board of Directors position due to term expiration as of 25 March 2021. In the meeting of the General Assembly held on 25 March 2021, Mr. Adnan Bali was elected to the vacant position of Member of the Board of Directors and elected to the Chairman of the Board of Directors as of 31 March 2021 in accordance with Article 363 of the Turkish Commercial Code and the 16th article of The Bank's core contract.

(3) The Member of the Board of Directors Mr. Yavuz Canevi resigned from his duty as a member of the Board of Directors due to term expiration. In the meeting of the General Assembly held on 25 March 2021, it is decided that Mr. Cengiz Yavilioğlu was elected to the vacant position of the Board of Directors in accordance with Article 363 of the Turkish Commercial Code.

(4) In the Board of Directors of the Bank held on 27 April 2021, Mrs. Özlem Bağdatlı, has been decided to be appointed responsible for Human Resources, Legal Affairs, Fund with the title of director, Mr. Bilinç Tanağardı has been decided to be appointed responsible for the management of the Directorates of Application Development, Support Services, System and Enterprise Architecture and Process Management with the title of director.

(5) In the Board of Directors of the Bank held on 28 July 2021, Mr. Engin Topaloğlu, has been decided to be appointed responsible for Board of Inspectors, Risk Management, Internal Control with the title of deputy general manager as of 1 August 2021.

According to the regulations on auditing in Articles 397-406 of the Turkish Commercial Code numbered 6102, Güney Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş. has been elected as the independent auditor for the year 2021 in the General Assembly Meeting held on 25 March 2021.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

IV. Information about the persons and institutions that have qualified shares in the Bank

Explanation about the people and institutions that have qualified shares control the Bank's capital directly or indirectly are described in General Information Section II.

V. Summary on the Bank's functions and areas of activity

Türkiye Sınai Kalkınma Bankası A.Ş. is the first private development and investment bank which was established by the Council of Ministers resolution number of 3/11203 established in 1950 with the support of World Bank, Government of Republic of Turkey, Central Bank of Republic of Turkey and commercial banks. As per the articles of association published in the Official Gazette on 2 June 1950, the aim of the Bank is to support all private sector investments but mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Bank, which operates as a non-deposit accepting bank, played a major role on manufacturing and finance sectors in every phase of the economic development of Turkey. The Bank started its journey in 1950 financing the private sector investments in Turkey and today it provides loans and project finance with the goal of sustainable development to corporations in different fields. As a leader in meeting the long term financing needs of the private sector, the Bank also continues to offer solutions with respect to the newest needs and client demands.

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods

Due to differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards (TAS), the non-financial subsidiaries and associates, TSKB Gayrimenkul Değerleme A.Ş., TSKB Sürdürülebilirlik Danışmanlığı A.Ş., Terme Metal Sanayi ve Ticaret A.Ş. and Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. are not consolidated since they are not in scope of financial institutions according to related Communiqué.

The Bank and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. and Yatırım Varlık Kiralama A.Ş. which founded on 20 September 2019 as a subsidiary of Yatırım Finansman Menkul Değerler A.Ş. are included in the accompanying consolidated financial statements line by line consolidation method; İş Finansal Kiralama A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and İş Faktoring A.Ş. are included in the accompanying consolidated financial statements by equity method.

Financial institutions included in the consolidation are determined in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 numbered 26340. The Bank has no partnership share on banks and financial institutions, with shareholding of more than 10% and deducted from capital.

Yatırım Finansman Menkul Değerler A.Ş. :

Yatırım Finansman Menkul Değerler A.Ş. ("YF") was established in 15 October 1976. The Company's purpose is to perform capital market operations specified in the Company's articles of association in accordance with the CMB and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on 29 December 2006. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 95,78%. The company's headquarters is located at Istanbul/Turkey.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods (continued)

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. ("TSKB GYO") was established on 3 February 2006. Core business of the Company is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 89,15%. The company's headquarters is located at Istanbul/Turkey.

İş Finansal Kiralama A.Ş. :

İş Finansal Kiralama A.Ş. ("İş Finansal Kiralama") was established on 8 February 1988. The Company has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No 6361. The purpose of the Company is performing domestic and foreign financial leasing activities and all kind of rental (leasing) transactions within the framework of legislation. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 29,46%. The company's headquarters is located at Istanbul/Turkey.

İş Faktoring A.Ş. :

İş Faktoring A.Ş. ("İş Faktoring"), was incorporated in Turkey on 4 July 1993 and it has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No: 6361. The Company's main operation is domestic and export factoring transactions. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 21,75%. The company's headquarters is located at Istanbul/Turkey.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş ("İş Girişim") started its venture capital operations by the decision of Capital Market Board dated 5 October 2000. The principal activity of the Company is to perform long-term investments to venture capital companies mainly established or to be established in Turkey, have development potential and require resource. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 16,67%. The Company's headquarters is located at Istanbul/Turkey.

VII. The existing or potential, actual or legal obstacle on the transfer of shareholder's equity between the Bank and its subsidiaries or the reimbursement of liabilities

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries. The Bank charge or pay cost of the services according to the service agreements done between the Bank and its subsidiaries. Dividend distribution from shareholders' equity is made according to related legal regulations.

Written policies of the Bank related to compliance to publicly disclosed obligations of the Bank and assessment of accuracy, frequency and compliance of mentioned disclosures

The Bank's Disclosure Policy approved by the meeting of the Board of Directors has entered into force on 28 February 2014. Compliance to public disclosure obligations, frequency of public disclosures and tools and methods used for public disclosures are explained in the disclosure policy of the Bank accessible from the Bank's corporate website.

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2021

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

			Reviewed Current Period 30 Septmeber 2021			**Audited Prior Period 31 December 2020**		
	ASSETS	**Section 5 Note I**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (NET)**		**3.580.849**	**7.940.234**	**11.521.083**	**3.999.712**	**4.873.494**	**8.873.206**
1.1	**Cash and Cash Equivalents**		**571.729**	**3.430.265**	**4.001.994**	**1.480.897**	**1.190.161**	**2.671.058**
1.1.1	Cash and Balances with Central Bank	(1)	26.561	1.334.263	1.360.824	2.244	1.021.382	1.023.626
1.1.2	Banks	(3)	55.375	2.096.814	2.152.189	55.795	169.352	225.147
1.1.3	Money Market Placements		489.844	-	489.844	1.422.996	-	1.422.996
1.1.4	Expected Credit Losses (-)		51	812	863	138	573	711
1.2	**Financial Assets at Fair Value Through Profit or Loss**	**(2)**	**-**	**263.097**	**263.097**	**-**	**263.097**	**263.097**
1.2.1	Government Debt Securities		-	-	-	-	-	-
1.2.2	Equity Instruments		-	-	-	-	-	-
1.2.3	Other Financial Assets		-	263.097	263.097	-	263.097	263.097
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(4)**	**2.422.592**	**3.731.882**	**6.154.474**	**1.906.122**	**2.696.730**	**4.602.852**
1.3.1	Government Debt Securities		2.053.195	3.608.458	5.661.653	1.695.394	2.619.578	4.314.972
1.3.2	Equity Instruments		49.368	123.424	172.792	62.062	77.152	139.214
1.3.3	Other Financial Assets		320.029	-	320.029	148.666	-	148.666
1.4	**Derivative Financial Assets**	**(2)**	**586.528**	**514.990**	**1.101.518**	**612.693**	**723.506**	**1.336.199**
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		586.528	514.990	1.101.518	612.693	723.506	1.336.199
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)**		**7.514.079**	**38.888.804**	**46.402.883**	**7.705.331**	**32.745.881**	**40.451.212**
2.1	**Loans**	**(5)**	**5.354.159**	**39.969.169**	**45.323.328**	**5.514.640**	**33.400.020**	**38.914.660**
2.2	**Lease Receivables**	**(10)**	**-**	**227.747**	**227.747**	**-**	**205.726**	**205.726**
2.3	**Factoring Receivables**		**-**	**-**	**-**	**-**	**-**	**-**
2.4	**Other Financial Assets Measured at Amortized Cost**	**(6)**	**2.742.749**	**422.718**	**3.165.467**	**2.719.902**	**363.157**	**3.083.059**
2.4.1	Government Debt Securities		2.742.749	422.718	3.165.467	2.719.902	363.157	3.083.059
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	**Expected Credit Losses (-)**		**582.829**	**1.730.830**	**2.313.659**	**529.211**	**1.223.022**	**1.752.233**
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)**	**(16)**	**64.403**	**-**	**64.403**	**64.403**	**-**	**64.403**
3.1	Held for Sale Purpose		64.403	-	64.403	64.403	-	64.403
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		**1.461.567**	**-**	**1.461.567**	**1.232.821**	**-**	**1.232.821**
4.1	**Investments in Associates (Net)**	**(7)**	**686.960**	**-**	**686.960**	**625.893**	**-**	**625.893**
4.1.1	Accounted Under Equity Method		686.960	-	686.960	625.893	-	625.893
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	**Subsidiaries (Net)**	**(8)**	**774.607**	**-**	**774.607**	**606.928**	**-**	**606.928**
4.2.1	Unconsolidated Financial Subsidiaries		741.140	-	741.140	581.897	-	581.897
4.2.2	Unconsolidated Non-Financial Subsidiaries	(9)	33.467	-	33.467	25.031	-	25.031
4.3	**Entities under Common Control (Joint Venture) (Net)**		**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(12)**	**92.435**	**-**	**92.435**	**89.720**	**-**	**89.720**
VI.	**INTANGIBLE ASSETS (Net)**	**(13)**	**2.862**	**-**	**2.862**	**3.304**	**-**	**3.304**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		2.862	-	2.862	3.304	-	3.304
VII.	**INVESTMENT PROPERTY (Net)**	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**DEFERRED TAX ASSET**	**(15)**	**251.431**	**-**	**251.431**	**175.421**	**-**	**175.421**
X.	**OTHER ASSETS (Net)**	**(17)**	**128.032**	**147.226**	**275.258**	**117.404**	**458.868**	**576.272**
	TOTAL ASSETS		**13.095.658**	**46.976.264**	**60.071.922**	**13.388.116**	**38.078.243**	**51.466.359**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2021

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

			Reviewed Current Period 30 September 2021			Audited Prior Period 31 December 2020		
	LIABILITIES AND EQUITY	**Section 5 Note II**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**DEPOSITS**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**
II.	**FUNDS BORROWED**	**(3)**	**402.326**	**37.839.525**	**38.241.851**	**119.985**	**32.176.978**	**32.296.963**
III.	**MONEY MARKET BALANCES**		**49.259**	**443.427**	**492.686**	**721.536**	**323.705**	**1.045.241**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**(3)**	**-**	**9.983.503**	**9.983.503**	**-**	**8.021.275**	**8.021.275**
4.1	Bills		-	-	-	-	-	-
4.2	Assets Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	9.983.503	9.983.503	-	8.021.275	8.021.275
V.	**BORROWER FUNDS**		**12.195**	**514.453**	**526.648**	**6.275**	**115.830**	**122.105**
5.1	Borrower Funds		12.195	514.453	526.648	6.275	115.830	122.105
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(2)**	**140.375**	**311.949**	**452.324**	**326.364**	**548.616**	**874.980**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		140.375	311.949	452.324	326.364	548.616	874.980
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	**FACTORING LIABILITIES**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE LIABILITIES**	**(5)**	**20.171**	**-**	**20.171**	**26.425**	**-**	**26.425**
X.	**PROVISIONS**	**(7)**	**422.651**	**37.744**	**460.395**	**240.684**	**29.593**	**270.277**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		18.372	-	18.372	17.096	-	17.096
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		404.279	37.744	442.023	223.588	29.593	253.181
XI.	**CURRENT TAX LIABILITY**	**(8)**	**155.402**	**-**	**155.402**	**147.991**	**-**	**147.991**
XII.	**DEFERRED TAX LIABILITY**	**(8)**	**-**	**-**	**-**	**-**	**-**	**-**
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(9)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(10)**	**-**	**2.686.742**	**2.686.742**	**-**	**2.299.503**	**2.299.503**
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	2.686.742	2.686.742	-	2.299.503	2.299.503
XV.	**OTHER LIABILITIES**	**(4)**	**134.789**	**230.116**	**364.905**	**141.233**	**115.810**	**257.043**
XVI.	**SHAREHOLDERS' EQUITY**		**6.657.488**	**29.807**	**6.687.295**	**5.981.463**	**123.093**	**6.104.556**
16.1	Paid-in capital	(11)	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2	Capital Reserves		374	-	374	374	-	374
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		374	-	374	374	-	374
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		116.618	3.744	120.362	124.204	(765)	123.439
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		83.462	26.063	109.525	101.816	123.858	225.674
16.5	Profit Reserves		2.882.741	-	2.882.741	2.222.240	-	2.222.240
16.5.1	Legal Reserves		374.794	-	374.794	338.153	-	338.153
16.5.2	Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3	Extraordinary Reserves		2.429.386	-	2.429.386	1.805.526	-	1.805.526
16.5.4	Other Profit Reserves		2.920	-	2.920	2.920	-	2.920
16.6	Profit Or Loss		774.293	-	774.293	732.829	-	732.829
16.6.1	Prior Years' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Year Profit/Loss		774.293	-	774.293	732.829	-	732.829
	TOTAL LIABILITIES AND EQUITY		**7.994.656**	**52.077.266**	**60.071.922**	**7.711.956**	**43.754.403**	**51.466.359**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET
AS OF 30 SEPTEMBER 2021

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

			Reviewed Current Period 30 September 2021			Audited Prior Period 31 December 2020		
	OFF BALANCE SHEET	**Section 5 Note III**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)**		**6.266.179**	**66.179.474**	**72.445.653**	**6.358.023**	**60.441.052**	**66.799.075**
I.	**GUARANTEES AND COLLATERALS**	**(1)**	**421.244**	**5.330.162**	**5.751.406**	**356.059**	**4.582.781**	**4.938.840**
1.1	Letters of Guarantee		278.858	1.821.281	2.100.139	356.059	1.730.105	2.086.164
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		278.858	1.821.281	2.100.139	356.059	1.730.105	2.086.164
1.2	Bank Acceptances		-	113.110	113.110	-	170.915	170.915
1.2.1	Import Letter of Acceptance		-	113.110	113.110	-	170.915	170.915
1.2.2	Other Bank Acceptance		-	-	-	-	-	-
1.3	Letters of Credit		142.386	3.395.771	3.538.157	-	2.681.761	2.681.761
1.3.1	Documantery Letters of Credit		142.386	3.395.771	3.538.157	-	2.681.761	2.681.761
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantess		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**	**(1)**	**947.992**	**7.255.402**	**8.203.394**	**674.463**	**5.268.401**	**5.942.864**
2.1	Irrevocable Commitments		405.848	508.605	914.453	124.557	553.859	678.416
2.1.1	Forward Asset Purchase and Sale Commitments		40.265	147.007	187.272	9.512	90.579	100.091
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	114.138	114.138	-	127.172	127.172
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Payment Commitment for Checks		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Expenditure Limits		-	-	-	-	-	-
2.1.10	Commitments for Promotions Related with Credit Cards and Banking Activities		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		365.583	247.460	613.043	115.045	336.108	451.153
2.2	Revocable Commitments		542.144	6.746.797	7.288.941	549.906	4.714.542	5.264.448
2.2.1	Revocable Loan Granting Commitments		542.144	6.746.797	7.288.941	549.906	4.714.542	5.264.448
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(2)**	**4.896.943**	**53.593.910**	**58.490.853**	**5.327.501**	**50.589.870**	**55.917.371**
3.1	Derivative Financial Instruments for Hedging Purposes		-	18.323.690	18.323.690	-	19.840.766	19.840.766
3.1.1	Fair Value Hedge		-	18.323.690	18.323.690	-	19.840.766	19.840.766
3.1.2	Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held for Trading Transactions		4.896.943	35.270.220	40.167.163	5.327.501	30.749.104	36.076.605
3.2.1	Forward Foreign Currency Buy/Sell Transactions		406.424	926.345	1.332.769	551.948	799.850	1.351.798
3.2.1.1	Forward Foreign Currency Transactions-Buy		340.686	330.842	671.528	283.382	393.739	677.121
3.2.1.2	Forward Foreign Currency Transactions-Sell		65.738	595.503	661.241	268.566	406.111	674.677
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		4.397.395	33.974.101	38.371.496	4.632.583	29.814.290	34.446.873
3.2.2.1	Foreign Currency Swap-Buy		321.245	8.171.533	8.492.778	264.164	6.861.632	7.125.796
3.2.2.2	Foreign Currency Swap-Sell		3.790.594	4.240.798	8.031.392	4.368.419	2.503.402	6.871.821
3.2.2.3	Interest Rate Swap-Buy		142.778	10.780.885	10.923.663	-	10.224.628	10.224.628
3.2.2.4	Interest Rate Swap-Sell		142.778	10.780.885	10.923.663	-	10.224.628	10.224.628
3.2.3	Foreign Currency, Interest Rate, and Securities Options		93.124	369.774	462.898	142.970	134.964	277.934
3.2.3.1	Foreign Currency Options-Buy		46.562	184.887	231.449	71.485	67.482	138.967
3.2.3.2	Foreign Currency Options-Sell		46.562	184.887	231.449	71.485	67.482	138.967
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.	**CUSTODY AND PLEDGES SECURITIES (IV+V+VI)**		**69.092.135**	**494.238.874**	**563.331.009**	**66.624.295**	**416.277.357**	**482.901.652**
IV.	**ITEMS HELD IN CUSTODY**		**87.162**	**775.182**	**862.344**	821.679	143.519	965.198
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		29.950	775.182	805.132	24.389	143.519	167.908
4.3	Checks Received for Collection		248	-	248	248	-	248
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		56.964	-	56.964	797.042	-	797.042
V.	**PLEDGES ITEMS**		**61.513.481**	**388.195.770**	**449.709.251**	**59.072.459**	**327.909.328**	**386.981.787**
5.1	Marketable Securities		456.247	-	456.247	456.248	-	456.248
5.2	Guarantee Notes		96.033	1.561.923	1.657.956	80.240	1.616.133	1.696.373
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		8.646.527	104.510.925	113.157.452	8.235.107	89.251.431	97.486.538
5.6	Other Pledged Items		52.314.674	282.122.922	334.437.596	50.300.864	237.041.764	287.342.628
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED BILL OF EXCHANGE AND COLLATERALS**		**7.491.492**	**105.267.922**	**112.759.414**	**6.730.157**	**88.224.510**	**94.954.667**
	TOTAL OFF BALANCE SHEET ITEMS (A+B)		**75.358.314**	**560.418.348**	**635.776.662**	**72.982.318**	**476.718.409**	**549.700.727**

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

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

	STATEMENT OF PROFIT OR LOSS	Section 5 Note IV	Reviewed Current Period 1 January 2021- 30 September 2021	Reviewed Prior Period 1 January 2020- 30 September 2020	Reviewed Current Period 1 April 2021- 30 September 2021	Reviewed Prior Period 1 April 2020- 30 September 2020
I.	**INTEREST INCOME**	**(1)**	**3.012.300**	**2.445.887**	**1.087.084**	**888.568**
1.1	Interest on Loans		2.025.993	1.776.469	701.244	637.707
1.2	Interest Received from Reserve Deposits		696	32	325	32
1.3	Interest Received from Banks		6.088	14.908	2.191	2.769
1.4	Interest Received from Money Market Placements		220.356	55.225	49.104	28.671
1.5	Interest Received from Marketable Securities Portfolio		751.073	589.170	331.661	216.407
1.5.1	Fair Value through Profit or Loss		-	5	-	-
1.5.2	Fair Value Through other Comprehensive Income		358.172	327.866	138.935	105.622
1.5.3	Measured at Amortized Cost		392.901	261.299	192.726	110.785
1.6	Finance Lease Interest Income		5.933	6.281	1.913	1.935
1.7	Other Interest Income		2.161	3.802	646	1.047
II.	**INTEREST EXPENSES (-)**	**(2)**	**1.086.489**	**970.534**	**344.518**	**329.440**
2.1	Interest on Deposits		-	-	-	-
2.2	Interest on Funds Borrowed		415.998	456.263	140.661	151.527
2.3	Interest on Money Market Borrowings		33.155	14.846	7.456	6.210
2.4	Interest on Securities Issued		628.272	492.349	194.694	169.955
2.5	Leasing Interest Expense		4.609	6.080	1.351	1.556
2.6	Other Interest Expenses		4.455	996	356	192
III.	**NET INTEREST INCOME (I - II)**		**1.925.811**	**1.475.353**	**742.566**	**559.128**
IV.	**NET FEES AND COMMISSIONS INCOME / EXPENSES**		**50.871**	**38.581**	**15.314**	**8.959**
4.1	Fees and Commissions Received		57.370	44.163	16.763	10.826
4.1.1	Non-cash Loans		21.538	27.877	7.830	7.610
4.1.2	Other		35.832	16.286	8.933	3.216
4.2	Fees and Commissions Paid (-)		6.499	5.582	1.449	1.867
4.2.1	Non-cash Loans		974	852	295	138
4.2.2	Other		5.525	4.730	1.154	1.729
V.	**DIVIDEND INCOME**	**(3)**	**2.973**	**4.392**	**-**	**-**
VI.	**NET TRADING INCOME**	**(4)**	**(53.266)**	**121.093**	**(57.387)**	**96.428**
6.1	Securities Trading Gains / (Losses)		6.801	3.609	2.147	2.187
6.2	Derivative Financial Instruments Gains / Losses		477.459	440.468	(25.858)	317.392
6.3	Foreign Exchange Gains / Losses (Net)		(537.526)	(322.984)	(33.676)	(223.151)
VII.	**OTHER OPERATING INCOME**	**(5)**	**46.622**	**2.993**	**14.157**	**989**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**1.973.011**	**1.642.412**	**714.650**	**665.504**
IX.	**EXPECTED CREDIT LOSS (-)**	**(6)**	**714.678**	**827.414**	**161.097**	**374.967**
X.	**OTHER PROVISION EXPENSES (-)**	**(6)**	**180.000**	**-**	**115.000**	**-**
XI.	**PERSONNEL EXPENSES (-)**		**128.768**	**104.223**	**42.200**	**35.177**
XII.	**OTHER OPERATING EXPENSES**	**(7)**	**61.301**	**55.244**	**21.137**	**14.871**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**888.264**	**655.531**	**375.216**	**240.489**
XIV.	**AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER**		**-**	**-**	**-**	**-**
XV.	**PROFIT / (LOSS) ON EQUITY METHOD**		**131.972**	**17.975**	**42.468**	**16.618**
XVI.	**GAIN / (LOSS) ON NET MONETARY POSITION**		**-**	**-**	**-**	**-**
XVII.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)**		**1.020.236**	**673.506**	**417.684**	**257.107**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(8)**	**245.943**	**147.373**	**122.143**	**52.998**
18.1	Provision for Current Income Taxes		298.397	228.084	145.125	34.237
18.2	Deferred Tax Income Effect (+)		252.179	349.727	67.745	149.707
18.3	Deferred Tax Expense Effect (-)		304.633	430.438	90.727	130.946
XIX.	**NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)**	**(9)**	**774.293**	**526.133**	**295.541**	**204.109**
XX.	**INCOME ON DISCONTINUED OPERATIONS**		**-**		**-**	**-**
20.1	Income on Assets Held for Sale		-		-	-
20.2	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-		-	-
20.3	Income on Other Discontinued Operations		-		-	-
XXI.	**LOSS FROM DISCONTINUED OPERATIONS (-)**		**-**		**-**	**-**
21.1	Loss from Assets Held for Sale		-		-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-		-	-
21.3	Loss from Other Discontinued Operations		-		-	-
XXII.	**PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)**		**-**		**-**	**-**
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**		**-**	**-**
23.1	Provision for Current Income Taxes		-		-	-
23.2	Deferred Tax Expense Effect (+)		-		-	-
23.3	Deferred Tax Income Effect (-)		-		-	-
XXIV.	**NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		**-**		**-**	**-**
XXV.	**NET PROFIT/LOSS (XVIII+XXIII)**	**(10)**	**774.293**	**526.133**	**295.541**	**204.109**
	Earning / (loss) per share		0,2770,277	0,188	0,106	0,073

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed	Reviewed

		Current Period 1 January 2021 – 30 September 2021	Prior Period 1 January 2020 – 30 September 2020
I.	**CURRENT PERIOD INCOME / LOSS**	**774.293**	**526.133**
II.	**OTHER COMPREHENSIVE INCOME**	**(118.271)**	**(25.740)**
2.1	**Not Reclassified Through Profit or Loss**	**(2.122)**	**13.965**
2.1.1	Property and Equipment Revaluation Increase / Decrease	10.661	-
2.1.2	Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain / Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	**(11.761)**	13.965
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(1.022)	-
2.2	**Reclassified Through Profit or Loss**	**(116.149)**	**(39.705)**
2.2.1	Foreign Currency Translation Differences	12.108	19.989
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(121.073)	(117.367))
2.2.3	Cash Flow Hedge Income / Loss	-	-
2.2.4	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	(31.762)	31.809
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	24.578	25.864
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**656.022**	**500.393**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD THEN ENDED 30 SEPTEMBER 2021

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

							Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss				Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss							
	CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
	Prior Period – 30 September 2020																	
I.	**Prior Period End Balance**		**2.800.000**	**-**	**-**	**374**	**40.908**	**(1.082)**	**34.327**	**20.714**	**28.008**	**23.468**	**1.444.342**	**776.084**	**-**	**5.167.143**	**-**	**5.167.143**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**2.800.000**	**-**	**-**	**374**	**40.908**	**(1.082)**	**34.327**	**20.714**	**28.008**	**23.468**	**1.444.342**	**776.084**	**-**	**5.167.143**	**-**	**5.167.143**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**-**	**13.965**	**19.989**	**(91.503)**	**31.809**	**-**	**-**	**526.133**	**338.772**	**-**	**500.393**
V.	**Capital Increase by Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase by Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Effect of Inflation on Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds to Share**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Debt Instruments**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Increase/Decrease by Other Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**76253**	**(74.439)**	**-**	**2.479**	**-**	**1.814**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**701.645**	**(701.645)**	**-**	**-**	**-**	**-**
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	701.645	(701.645)	-	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+IV+…..+X+XI)		**2.800.000**	**-**	**-**	**374**	**40.908**	**(1.082)**	**48.292**	**40.703**	**(63.495)**	**55.277**	**2.222.240**	**-**	**526.133**	**5.669.350**	**-**	**5.669.350**

1.Accumulated Revaluation Increase / Decrease of Fixed Assets
2.Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan
3.Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)
4.Foreign Currency Translition Differences
5.Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income
6.Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY
FOR THE NINE-MONTH PERIOD THEN ENDED 30 SEPTEMBER 2021

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

							Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss								
	CHANGES IN SHAREHOLDERS’ EQUITY	Note	**Paid-in Capital**	**Share Premiums**	**Share Cancellation Profits**	**Other Capital Reserves**	**1**	**2**	**3**	**4**	**5**	**6**	**Profit Reserves**	**Prior Period Profit or (Loss)**	**Current Period Profit or (Loss)**	**Total Equity Except from Minority Interest**	**Minority Interest**	**Total Shareholders’ Equity**
	Current Period – 30 September 2021																	
I.	**Prior Period End Balance**		**2.800.000**	**-**	**-**	**374**	**50.809**	**1.664**	**70.966**	**39.852**	**74.928**	**110.894**	**2.222.240**	**732.829**	**-**	**6.104.556**	**-**	**6.104.556**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**2.800.000**	**-**	**-**	**374**	**50.809**	**1.664**	**70.966**	**39.852**	**74.928**	**110.894**	**2.222.240**	**732.829**	**-**	**6.104.556**	**-**	**6.104.556**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**9.639**	**-**	**(11.761)**	**12.108**	**(96.495)**	**(31.762)**	**-**	**-**	**774.293**	**656.022**	**-**	**656.022**
V.	**Capital Increase by Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase by Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Effect of Inflation on Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds to Share**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase/Decrease by Other Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**(955)**	**-**	**-**	**-**	**-**	**-**	**660.501**	**(732.829)**	**-**	**(73.283)**	**-**	**(73.283)**
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(73.283)	-	(73.283)	-	(73.283)
11.2	Transfers to Reserves		-	-	-	-	(955)	-	-	-	-	-	620.501	(619.546)	-	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	40.000	(40.000)	-	-	-	-
	Period-End Balance (III+IV+…..+X+XI)		**2.800.000**	**-**	**-**	**374**	**59.493**	**1.664**	**59.205**	**51.960**	**(21.567)**	**79.132**	**2.882.741**	**-**	**774.293**	**6.687.295**	**-**	**6.687.295**

1.Accumulated Revaluation Increase / Decrease of Fixed Assets
2.Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan
3.Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)
4.Foreign Currency Translition Differences
5.Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income
6.Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD THEN ENDED 30 SEPTEMBER 2021

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

		Note	Reviewed Current Period 30 September 2021	Reviewed Prior Period 30 September 2020
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		**1.682.887**	**1.772.255**
1.1.1	Interest Received		2.525.981	2.207.376
1.1.2	Interest Paid		(1.143.446)	(923.783)
1.1.3	Dividends Received		9.055	7.433
1.1.4	Fees and Commissions Received		57.370	44.163
1.1.5	Other Income		39.722	6.211
1.1.6	Collections from Previously Written off Loans		111.680	28.745
1.1.7	Payments to Personnel and Service Suppliers		(134.837)	(111.259)
1.1.8	Taxes Paid		(161.614)	(261.318)
1.1.9	Others		378.976	774.687
1.2	**Changes in Operating Assets and Liabilities**		**194.423**	**(555.499)**
1.2.1	Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		-	-
1.2.2	Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3	Net (Increase) (Decrease) in Loans		617.898	752.678
1.2.4	Net (Increase) (Decrease) in Other Assets		(47.992)	(314.122)
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		223.871	(1.336.043)
1.2.9	Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10	Net (Increase) (Decrease) in Other Liabilities		(599.354)	341.988
I.	**Net Cash Provided by / (used in) Banking Operations**		**1.877.310**	**1.216.756**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided by / (used in) Investing Activities**		**(1.036.841)**	**(296.294)**
2.1	Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries		(134.399)	(185.542)
2.2	Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment		(466)	(1.069)
2.4	Disposals of Property and Equipment		818	98
2.5	Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(1.870.493)	973.027)
2.6	Sale of Financial Assets at Fair Value through Other Comprehensive Income		806.544	971.231
2.7	Purchase of Financial Assets Measured at Amortized Cost		-	(108.212)
2.8	Sale of Financial Assets Measured at Amortized Cost		162.446	1.577
2.9	Others		(1.291)	(1.350)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided by / (used in) Financing Activities**		**11.104**	**(88.827)**
3.1	Cash Obtained From Funds Borrowed and Securities Issued		2.558.789	2.345.479
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(2.460.308)	(2.420.808)
3.3	Capital Increase		-	-
3.4	Dividends Paid		(73.283)	-
3.5	Payments for Leases		(14.094)	(13.498)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**154.494**	**22.941**
V.	**Net Increase / (Decrease) in Cash and Cash Equivalents**		**1.006.067**	**854.576**
VI.	**Cash and Cash Equivalents at Beginning of the Period**		**1.641.385**	**599.585**
VII.	**Cash and Cash Equivalents at End of the Period**		**2.647.452**	**1.454.161**

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

I.a Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial asset, liabilities and buildings revaluation model which are carried at fair value.

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA").

The accounting policies and valuation principles used in the 2021 period are presented in the accompanying notes and the accounting policies and valuation principles are explained in Notes II to XXIII below.

The format and content of the accompanying unconsolidated financial statements and footnotes have been prepared in accordance with the "Communique' on Publicly Announced Financial Statements Explanations and notes to the Financial Statements" and "Communique on Disclosures About Risk Management to be Announced to Public by Banks."

The accompanying unconsolidated financial statements and the explanatory footnotes, unless otherwise indicated, are prepared in thousands of Turkish Lira ("TL").

Additional paragraph for convenience translation to English

The effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation and Turkish Accounting Standard 34" Interim Financial reporting" except for the matters regulated by BRSA Legislation accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

I.b The valuation principles used in the preparation of the financial statements

The accounting rules and the valuation principles used in the preparation of the financial statements were implemented as stated in the Turkish Accounting Standards and related regulations, explanations and circulars on accounting and financial reporting principles announced by the BRSA. These accounting policies and valuation principles are explained in the below notes through II to XXIII.

Coronavirus epidemic spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. As a result of the spread of COVID-19 throughout the world, various measures have been taken in our country as well as in the world and still continue to be taken in order to prevent the transmission of the virus. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

Due to COVID-19, the Bank allowed loan customers to translate their principal, interest and installments under current conditions if they demand and began to apply the translations within this context.

As it is intended to update the financial information contained in the lastest annual financial statements in the interim financial statements prepared as of 30 September 2021 and considering the magnitude of the economic changes occurred due to COVID-19, the Bank made estimates in the calculation of expected credit losses and disclosed these in footnote VIII "Disclosures on impairment of financial assets". In the coming periods, the Bank will update its relevant assumptions according to necessary extents and review the realizations of past estimates.

I.c The accounting policies for the correct understanding of the financial statements

The following accounting policies that applied according to BRSA regulations and TAS for the correct understanding of the financial statements and valuation principles used in preparation of the financial statements are presented in more detail below.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

I. Basis of presentation (continued)

Changes in accounting policies and disclosures

TAS / 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. TAS 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 Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, was published in December 2020, effective from 1 January 2021, 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 hedge accounting provisions. The effects of the changes on the The Bank's financials have been evaluated and it has been concluded that there is no need for early application. 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.

II. Explanations on usage strategy of financial assets and foreign currency transactions

The main sources of the funds of the Bank have variable interest rates. The financial balances are monitored frequently and fixed and floating interest rate placements are undertaken according to the return on the alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

Due to the fact that the great majority of the loans extended by the Bank have a flexibility of reflecting changes in the market interest rates to the customers, the interest rate risk is kept at minimum level. Moreover, the highly profitable Eurobond and the foreign currency government indebtness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

The fixed rate Subordinated bond, Eurobond and Greenbond issued by the Bank and a portion of fixed rate funds borrowed are subject to fair value hedge accounting. The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate and cross currency financial liabilities. The changes in the fair value of the hedged fixed rate financial liabilities and hedging interest cross currency rate swaps are recognized under the statement of profit/loss.

In the beginning and later period of the hedging transaction, the aforementioned hedging transactions are expected to offset changes occurred in the relevant period of the hedging transaction and hedged risk (attributable to hedging risk) and effectiveness tests are performed in this regard.

The Bank performs effectiveness test at the beginning of the hedge accounting and at each reporting period. The effectiveness tests are carried out using the “Dollar off-set model” and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness. TFRS 9 provides the option of deferring the adoption of TFRS 9 hedge accounting and the option to continue to apply the provisions of TAS 39 hedge accounting in the selection of accounting policies. In this context, the Bank continues to apply the provisions of TAS 39 hedge accounting.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized and recognized in income statement over the life of the hedged item from that date of the hedge accounting is discontinued. The Bank liquidity is regularly monitored. Moreover, the need of liquidity in foreign currencies is safeguarded by currency swaps.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

II. Explanations on usage strategy of financial assets and foreign currency transactions (continued)

The Bank liquidity is regularly monitored. Moreover, the need of liquidity in foreign currencies is safeguarded by currency swaps.

Commercial placements are managed with high return and low risk assets considering the international and domestic economic expectations, market conditions, creditors' expectations and their tendencies, interest-liquidity and other similar factors. Prudence principle is adopted in the placement decisions. The long term placements are made under project finance. A credit policy is implemented such a way that harmonizing the profitability of the projects, the collateral and the value add introduced by the Bank.

The movements of foreign exchange rates in the market, interest rates and prices are monitored instantaneously. While taking positions, the Bank's unique operating and control limits are watched effectively besides statutory limits. Limit overs are not allowed.

The Bank's strategy of hedging interest rate and foreign currency risks arising from fixed and variable interest rate funds and foreign currency fair value through other comprehensive income securities are indicated below.

A great majority of foreign currency fair value through other comprehensive income securities are financed with foreign currency resources. Accordingly, the anticipated possible depreciation of local currency against other currencies is eliminated. A foreign currency basket is formulated in terms of the indicated foreign currency to eliminate the risk exposure of changes in cross currency parity. Interest rate risk is mitigated by constituting a balanced asset composition in compliance with the structure of fixed and floating rate of funding resources.The hedging strategies for other foreign exchange risk exposures: A stable foreign exchange position strategy is implemented and to be secured from cross currency risk, the current foreign exchange position is monitored by considering a currency basket in specific foreign currencies.

The foreign exchange gains and losses on foreign currency transactions are accounted for in the period of the transaction. Foreign exchange assets and liabilities are translated to Turkish Lira using foreign exchange bid rate as of the reporting date, and the resulting gains and losses are recorded in foreign exchange gains or losses.

III. Explanations on forward and option contracts and derivative instruments

The Bank is exposed to financial risk which depends on changes in foreign exchange rates and interest rates due to activities and as part of banking activities uses derivative instruments to manage financial risk that especially associated with fluctuations in foreign exchange and interest rate. Mainly derivative instruments used by the Bank are foreign currency forwards, swaps and option agreements.

The derivative financial instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. Derivative financial instruments of the Bank are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income". Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values. Derivative transactions are valued at their fair values subsequent to their acquisition.

In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward and option contracts and derivative instruments (continued)

When a derivative financial instrument, is originally designed as a hedge by the Bank, the relationship between the Bank's financial risk from hedged item and the hedging instrument, the risk management objectives and strategy of hedging transaction and the methods that will be used in the measurement of effectiveness, describe in written. The Bank, at the beginning of the aforementioned engagement and during the ongoing process, evaluates whether the hedging instruments are effective on changes in the fair values or actual results of hedging are within the range of 80% - 125%.

IV. Explanations on associates and subsidiaries

In the unconsolidated financial statements, Financial subsidiaries and Investments in associates are recognized equity method within the scope of Communique published on the Official Gazette dated 9 April 2015 no.29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) “Separate Financial Statements”

In acoordance with Turkish Accounting Standard 28 (TAS 28) for “Investments in Associates and Joint Ventures” in the equity method, the book value of investment in associates and subsidiaries is reflected in the financial statements in proportion to the Bank's share of the net assets of these investments. The portion of the profit or loss of investment in associates and subsidiaries that are included in the Bank's share is accounted in the income statement of the Bank. The portion of the other comprehensive income that falls on the Bank's share is accounted in the other comprehensive income statement of the Bank.

V. Explanations on interest income and expenses

Interest income is recorded according to the effective interest rate method (rate equal to net present value of future cash flows or financial assets and liabilities) defined in the TFRS 9 “Financial Instruments” standard by applying the effective interest rate via accrual basis to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets.

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected creditloss models and accordingly, the calculation of expected credit losses includes an interest amount.

Therefore, a reclassification is made between the accounts of “Expected Credit Losses” and “Interest Income From Loans” for calculated amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), interest income at subsequent reporting periods are calculated by applying the effective interest rate to the gross amount.

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method (the rate that equalizes the future cash flows of financial assets and liabilities to the current net book value).

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on fees and commission income and expenses

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. Revenues obtained through contracts or through the purchase of assets for a third party real person or corporate person are recorded in the period when they occur.

VII. Explanations on financial assets

Initial recognition of financial instruments

Initial recognition of financial instruments the Bank shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Assessment of business model

As per TFRS 9, the Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model is not dependent on management's intentions for an individual financial instrument, so the requirement is not an instrument-based classification approach, but rather an aggregate valuation of financial assets.While assessing the business model used for the management of financial assets, all relevant evidence available at the time of the assessment is taken into account. Such evidence includes:

- How the performance of financial assets held within the scope of the business model and business model is reported to key management personnel,

- Risks affecting the performance of the business model (financial assets held within the scope of the business model), and in particular the way these risks are managed and

- How the additional payments to managers are determined (for example, whether the bonuses are based on the fair value of the assets managed or on the contractual cash flows collected).

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

The business model evaluation is not made on the basis of scenarios that the business does not reasonably expect to occur, such as "worst case" or "pressure case " scenarios. The fact that cash flows differed from expectations at the time the business model was evaluated does not require error correction in the financial statements or a change in the classification of other financial assets using the same business model, as long as all relevant information available at the date of the business model evaluation is taken into account. However, when evaluating the business model for newly created or newly acquired financial assets, information about how cash flows have been realized in the past, along with other relevant information, is also taken into account. The aforementioned business models consist of three categories. These categories are stated below:

- Business model whose aimed to hold assets in order to collect contractual cash flows:This is a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. Financial assets held under this business model are measured at amortized cost if the contractual terms of the financial asset pass the cash flow test, which includes only the principal and interest payments on the principal balance at specified dates.

- Business model whose aimed to hold assets in order to collect contractual cash flows and selling financial assets: Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets held under this business model are accounted for at fair value through other comprehensive income if the contractual terms of the financial asset pass the cash flow test, which includes only the principal and interest payments on the principal balance on certain dates.

- Other business models:Financial assets are measured at fair value through profit or loss in case they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss and derivative financial assets are assesed in this business model.

Contractual cash flows that include only principal and interest payments on the principal balance

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assetsIn a basic lending agreement, the time value of money and the cost of credit risk are often the most important elements of interest. Judgment is used to assess whether that element simply pays for the passage of time, taking into account relevant factors such as the currency in which the financial asset is expressed and the period in which the interest rate applies. Where the terms of the contract begin to expose it to risks or volatility of cash flows that are inconsistent with a core lending agreement, the financial asset is measured at fair value through profit or loss.

Measurement categories of financial assets and liabilities

Financial assets are classified compliance with TFRS 9 in three main categories as listed below:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

a. Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aimed to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and in case of the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from shortterm fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. The Bank classifies certain loans and securities issued at their origination dates, as financial assets/liabilities at fair value through profit/ loss, irrevocably in order to eliminate any accounting mismatch in compliance with TFRS 9.Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as “interest income” in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under “trading account income/losses” in the statement of profit or loss. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under “trading account income/losses”.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

a. Financial assets at the fair value through profit or loss (continued)

Syndicated loans extended to Ojer Telekominikasyon A.Ş. (OTAŞ) in the previous periods were restructed. Within this scope, in order to form the colleteral of these loans, taking over process of 192.500.000.000 A Group shares which constitute 55% of Turk Telekom's issued capital, pledged in favor of the creditors, were completed on 21 December 2018, by LYY Telekomunikasyon A.Ş. (formerly known as Levent Yapılandırma Yonetimi A.Ş.) which was established as a privately-owned company and all creditors are direct or indirect shareholders. The Bank has a share of 1,617% in LYY Telekomünikasyon A.Ş., which is the share of OTAŞ receivables.

Later, at the Ordinary General Assembly Meeting of LYY Telekomunikasyon A.Ş. held on 23 September 2019, it was decided to convert some of the loan to capital and add it to the capital of LYY Telekomunikasyon A.Ş. The nominal value of shares increased from TL 0,8 to TL 64.403. This amount is presented under "Property and Equipment Held for Sale and Related to Discontinued Operations" in the financial statements. As of 30 September 2021, the portion which is followed accounted under credit loan is TL 263.097 and classified under "Other Financial Assets" under " Financial Assets at Fair Value through Profit or Loss" in the financial statements". The total fair value decrease recognized for loans and equity amounted to TL 232.532 and the total amount is classified under "Financial Assets at Fair Value Through Profit and Loss ".

Total assets amounting to TL 327.500 are measured at fair value under TFRS 9 Financial Instruments Standard and TFRS 5 Assets Held for Sale and Discontinued Operations. . The determination of this value is based on the results of an independent appraisal firm. In the valuation study, fair value is determined by considering the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports).

The main objective of the lending banks is to transfer Türk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible. 55% of LYY Telekomünikasyon A.Ş. was authorized as an international investment bank sales consultant on 19 September 2019 for the sale of its shares. In this context, necessary studies related to sales and negotiations with potential investors initiated.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

b. Financial Assets at Fair Value Through Other Comprehensive Income (continued)

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are measured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss" under shareholders' equity. 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.

During initial recognition an entity can choose in a irrecovable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

c. Financial Assets Measured at Amortized 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 amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

In the “Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Parent Bank, there are Consumer Price Indexed (CPI) Bonds.

The Parent Bank considered expected inflation index of future cash flows prevailing at the reporting date while calculating internal rate of return of the Consumer Price Indexed (CPI) marketable securities. The effect of this application is accounted as interest received from marketable securities in the unconsolidated financial statements.

These securities are valued and accounted according to the effective interest method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. As stated in the Investor’s Guide of CPI Government Bonds by Republic of Turkey Undersecretariat of Treasury the reference indices used to calculate the actual coupon payment amounts of these securities are based on the previous two months CPI’s. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate is estimated by considering the expectancies of the Central Bank and the Bank which are updated as needed within the year.

d. Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method". Duties paid, transaction costs and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers. Turkish Lira (“TL”) cash loans are composed of foreign currency indexed loans and working capital loans; foreign currency (“FC”) cash loans are composed of investment loans, export financing loans and working capital loans.

All loans of the Parent Bank has classified under Measured at Amortized Cost, after loan portfolio passed the test of " All cash flows from contracts are made only by interest and principal" during the transition period.

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the income statement.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment of financial assets

As of 1 January 2018, the Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income , loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans". TFRS 9 impairment requirements are not eligible for equity instruments.

At each reporting date, whether the credit risk on a financial instrument has increased significantly since initial recognition is assessed. The Bank considers the changes in the default risk of financial instrument, when making the assessment.

Calculation of expected credit losses

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. Risk parameters used in TFRS 9 calculations are included in the future macroeconomic information. While macroeconomic information is included, macroeconomic forecasting models and multiple scenarios used in the Internal Capital Assessment Process ("ICAAP") are considered.

Within the scope of TFRS 9, the probability of default (PD), Loss given default (LGD) and Exposure at default (EAD) models have been developed. The models developed under TFRS 9 are based on the following segmentation elements:

- Loan portfolio (corporate /specilization)
- Product type
- Credit risk rating notes (ratings)
- Colleteral type
- Duration since origination of a loan
- Remaining time to maturity
- Exposure at default

Probability of Default (PD): PD refers to the likelihood that a loan will default within a specified time horizon given certain characteristics. Based on TFRS 9, two different PDs are used in order to calculate expected credit losses:

- 12-month PD: as the estimated probability of default occurring within the next 12 months following the balance sheet date.

- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

The Bank uses internal rating systems for loan portfolio. The internal rating models used include customer financial information and knowledge of survey responses based on expert judgement. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion factor corresponds to the factor which adjusts the potential increase of the exposure between the current date and the default date.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment of financial assets (continued)

Calculation of expected credit losses (continued)

Financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument’s lifetime expected credit losses. Calculation of expected credit losses is similar to descriptions above, but probability of default and loss given default rates are estimated through the life of the instrument. According to the BRSA's decision dated 27 March 2020 and numbered 8970 and decision dated 8 December 2020 and numbered 9312 the classification method is applied.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount. The probability of default is taken into account as 100%.

The default assessment of the Bank is made according to the following conditions:

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank and its consolidated financial subsidiaries is based on a more than 90 days past due definition.

2. Subjective Default Definition: It means a debt is considered is unlikely to be paid. Whenever an obligor is considered is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

As a result of the BRSA’s decisions dated March 17, 2020 and numbered 8948, the 90-day delay period stipulated for the classification of non-performing loans within the scope of Articles 4 and 5 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set aside for These, to be applied as 180 days. and the application of continuing to allocate provisions for loans that continue to be classified in Stage II despite a 90-day delay, according to their own risk models used in the calculation of expected credit losses under TFRS 9, is terminated as of the end of September 30, 2021, however as of October 1, 2021, It has been decided that the said application will be continued in the same way by the banks for the loans that delay period is more than 91 days but not exceeding 180 days.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment of financial assets (continued)

Debt instruments measured at fair value through other comprehensive income

As of 1 January 2018, the impairment requirements are applies for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income in accordance with TFRS 9. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. The expected credit loss is reflected in other comprehensive income and the accumulated amount is recycled to statement of profit/loss following the derecognition of related financial asset.

Significant increase in credit risk

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Bank measures loss allowance regarding such instrument at an amount equal to “lifetime expected credit losses”.

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as stage 2 (Significant Increase in Credit Risk).

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD , it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2. In this context, the Bank has calculated thresholds at which point the relative change is a significant deterioration.

When determining the significant increase in bank credit risk, The Bank also assessed the absolute change in the PD date on the transaction date and on the reporting date. If the absolute change in the PD ratio is above the threshold values, the related financial asset is classified as stage 2.

The Bank classifies the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment:

- Loans overdue more than 30 days as of the reporting date
- Loans classified as watchlist
- When there is a change in the payment plan due to restructuring

As a result of the BRSA’s decisions dated March 27, 2020 and numbered 8970, the 30-day delay period foreseen for the classification of the loans in the stage 2 within the scope of Article 4 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set aside for them is 90 days for the loans classified under Stage 1. As of September 30, 2021, the application regarding the allocation of provisions for loans that continue to be classified as in Stage 1 despite a 30-day delay, according to banks own risk models used in calculating expected credit losses under TFRS 9, has been terminated end of September 30, 2021, however as of October 1, 2021, It has been decided that the said application will be continued in the same way by the banks for the loans that the delay period is more than 31 days but not exceeding 90 days.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment of financial assets (continued)

Calculation of expected credit losses (continued)

Significant increase in credit risk

In the future expectations, 3 scenarios are used to be as base, bad and good. Final provisions are calculated by weighing on the possibilities given to the scenarios. As of 30 September 2021, within the scope of the ECL effects of Covid-19, the weight of the base scenario was decreased of 3 scenarios, and weights of the bad and very bad scenarios was increased. Also for possible effects the Bank has established additional provisions for the sector and customers, which are considered to have a high impact on the expected credit loss calculations by making individual assessment for the risks that cannot be captured through the models.

This approach, which is preferred in expected credit losses calculations, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on offsetting, derecognition and restructuring of financial instruments

a. Offsetting of financial instruments

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

b. Derecognition of financial instruments

Derecognition of financial assets due to change in contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset can lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a ‘new’ financial asset.

When the Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

Derecognition of financial assets without any change in contractual terms

The asset is derecognized if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

Derecognition of financial liabilities

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished when the obligation specified in the contract is discharged or cancelled or expires.

c. Reclassification of financial instruments

Based on TFRS 9, the Bank shall reclassify all affected financial assets at amortised cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it changes its business model for managing financial assets.

The Bank’s reclassification details of financial assets are presented in Section 3, Note VII.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on offsetting, derecognition and restructuring of financial instruments (continued)

d. Restructuring and refinancing of financial instruments

The Bank may change the original contractual terms of a loan (maturity, repayment structure, guarantees and sureties) which were previously signed, in case the loan cannot be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

Restructuring is to change the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan by the Bank which will cover either the principal or the interest payment in whole or in part of one or a few existing loans due to the anticipated financial difficulty which the customer or bank currently or will encounter in the future. Changes in the original terms of a credit risk can be made in the current contract or through a new contract.

Resturected Loans can be classified in standart loans unless the firm has difficulty in payment. Companies which have been restructured and refinanced can be removed from the watchlist when the following conditions are met:

- Subsequent to the through review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time).

- At least 2 years should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing.

In order for the restructured non-performing loans to be classified to the watchlist category, the following conditions must be met in accordance with the relevant regulations:

- Recovery in debt service.

- At least one year should pass over the date of restructuring

- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as nonperforming (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing

- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification

During the follow-up period of at least two years following the date of restructuring / refinancing, if there is a new restructuring / refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again.

X. Explanations on sales and repurchase agreements and lending of securities

Funds provided under repurchase agreements are accounted under “Funds Provided under Repurchase Agreements-TL” and “Funds Provided under Repurchase Agreements-FC” accounts. The repurchase agreements of the Bank are based on the Eurobonds and government bonds issued by Republic of Turkey Undersecretariat of Treasury. Marketable securities subject to repurchase agreements are classified under assets at fair value through profit or loss, assets at fair value through other comprehensive income or assets at measured at amortized costs with parallel to classifications of financial instruments.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on sales and repurchase agreements and lending of securities (continued)

The income and expenses from these transactions are reflected to the interest income and interest expense accounts in the income statement. Receivables from reverse repurchase agreements are recorded in "Receivables from Reverse Repurchase Agreements" account in the balance sheet.

XI. Explanations on assets held for sale and discontinued operations

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. This assets are not amortized and presented separately in the financial statements. 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 asset (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 groups) , and an active programme to complete should be initiated to locate a customer. Also the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Also, the sale is expected to be accounted as a completed sale beginning from one year after the classification date; and the essential procedures to complete the plan should indicate the possibility of making significant changes on the plan or lower probability of cancelling.

Events or circumtances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay inthe sale process is duue to the events and circumtances occured beyond the control of the entity or the entry remains commited to its plan to sell the asset (or disposal group). As of 30 September 2021, there are assets held for sale and discontinued operations amounting to TL 64.403 and explained in Section V, Note I-16.

A discontinued operation is a component of a bank that either has been disposed of , or is classified as held for sale. Gains or losses relating to discontinued operations are presented seperately in the income statement.

XII. Explanations on goodwill and other intangible assets

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the subsidiary or jointly controlled interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.As of reporting date, The Bank has no goodwill on the unconsolidated financial statements.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on goodwill and other intangible assets (continued)

Intangible assets that are acquired prior to 1 January 2005 are carried at restated historical cost as of 31 December 2004; and those acquired subsequently are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated on a straight line basis over their expected useful lives. Depreciation method and period are reviewed periodically at the end of each year. Intangible assets are mainly composed of rights and they are depreciated principally on a straight-line basis between 1-15 years.

XIII. Explanations on tangible assets

Tangible assets rather than real estate, purchased before 1 January 2005, are accounted for at their restated costs as of 31 December 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment. Gain or loss resulting from disposals of the tangible assets is reflected to the income statement as the difference between the net proceeds and net book value. Normal maintenance and repair expenditures are recognized as expense.

As of the third quarter of 2015, the Bank changed its accounting policy and adopted revaluation method on annual basis under scope of Standard on Tangible Fixed Assets (TAS 16) with respect to valuation of immovable included in its building and lands. The amortization periods of real estates are specified in the appraisal’s report. In case of the cost of tangible assets over the net realizable value estimated under the "Turkish accounting standards for impairment of assets" (TAS 36), the value of the asset is reduced to its “net realizable value” and are reserved impairment provision associated with expense accounts. The positive difference between appraisement value and net book value of the property is accounted under shareholder’ equity. Related valuation models such as cost model, market value and discounted cash flow projections approaches are used in valuation of real estates. There is no pledge, mortgage or any other lien on tangible assets. Tangible assets are depreciated with straight-line method and their useful lives are determined in accordance with the Turkish Accounting Standards.

Depreciation rates and estimated useful lives of tangible assets are as follows.

Tangible Assets	Expected Useful Lives (Years)	Depreciation Rate (%)
Cashvault	4-50	2-25
Vehicles	5	20
Other Tangible Assets	1-50	2-100

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions

The Bank as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. The lease payments are allocated as principle and interest. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

The Bank as Lessee

Assets held under finance leases are recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in profit or loss in accordance with the Bank's general policy on borrowing costs. Tangible assets acquired by financial leases are amortized based on the useful lives of the assets.

In accordance with TFRS 16, the lessee, at the effective date of the lease, measures the leasing liability on the present value of the lease payments that were not paid at that date (leasing liability) and depreciates the existence of the right of use related to the same date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lesse shall use their incremental borrowing rate. The interest expense on the lease liability and the depreciation expense right of use are recorded separately.

TFRS 16 Leases

The Bank has started to apply "TFRS 16 Leases" Standard published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29826 dated 16 April 2018 starting from 1 January 2019. The mentioned standard has a transition effect amounting to TL 40.824 in "tangible assets" and "lease liability" in the Bank's financial statements.As of 30 September 2021 The Bank recognized right of use asset classified under tangible assets amounting to TL 14.582, lease liability amounting to TL 20.171 and amortization expenses amounting to TL 9.357 TL, lease interest expenses amounting to TL 4.609.

TFRS 16 Leasing standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Bank has started to apply "TFRS 16 Leases" Standard starting from 1 January 2019.

The Bank has applied TFRS 16 with a simplified retrospective approach. The new accounting policies of the Bank regarding to application TFRS 16 are stated below.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions (continued)

The cost of right-of-use assets includes:

(a) the amount of lease liabilities recognized,
(b)lease payments made at or before the commencement date less any lease incentives received and
(c)initial direct costs incurred.

Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include

a) fixed payments (including in-substance fixed payments) less any lease incentives receivable,
b) variable lease payments that depend on an index or a rate,
c) amounts expected to be paid under residual value guarantees.
d) the exercise price of a purchase option reasonably certain to be exercised by the Company / the Group and payments of penalties for terminating a lease,
e) if the lease term reflects the Company / the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company / the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.
After the effective date of the lease, the Bank measures the lease obligation as follows:

a) The book value is increased to reflect the accretion of interest of lease liabilities
b) The book value is reduced to reflect the lease payments made

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions (continued)

TFRS 16 Leases (continued)

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority (“POA”) has changed to TFRS 16 “Leases” standard by publishing Privileges Granted in Lease Payments - "Amendments to TFRS 16 Leases" concerning Covid-19. Concessions Continuing in Lease Payments Regarding COVID-19 After 30 June 2021 - "Changes in TFRS 16" was published in the Official Gazette dated 7 April 2021 and numbered 31447. With this change, tenants are exempted from the concessions granted to tenants due to COVID-19 in rent payments, not to assess whether there is a change in the lease. This change did not have a significant impact on the financial status or performance of the Bank. However, due to the high level of the epidemic, on 7 April 2021, the POA decided to extend the exemption to include concessions that caused a reduction in lease payments that expired on or before 30 June 2022. This change did not have a significant impact on the financial status or performance of the Bank.

Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

XV. Explanations on provisions and contingent liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If aforesaid criteria did not form, the Bank discloses the issues mentioned in notes to financial statements. Provisions are determined by using the Bank’s best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

Explanations on contingent assets

Contingent assets consist of unplanned or other unexpected events that usually cause a possible inflow of economic benefits to the Bank. Since recognition of the contingent assets in the financial statements would result in the accounting of an income, which may never be generated, the related assets are not included in the financial statements; on the other hand, if the inflow of the economic benefits of these assets to the Bank is probable, an explanation is made thereon in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and in case the inflow of the economic benefit to the Bank is almost certain, the related asset and the respective income are recognized in the financial statements of the period in which the change occurred. Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits

Bank calculates a provision for severance pay to allocate that employees need to be paid upon retirement or involuntarily leaving by estimating the present value of probable amount. There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period. Actuarial gains and losses are accounted under Shareholder's Equity since 1 January 2013 in accordance with the Revised TAS 19.Employees of the Bank are members of "Türkiye Sınai Kalkınma Bankası Anonim Şirketi Memur ve Müstahdemleri Yardım ve Emekli Vakfı" and "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" ("the Pension Fund"). Technical financial statements of those funds are subject to audit in accordance with the Insurance Law and provisions of "Regulations on Actuaries" issued based on the related law by an actuary registered in the Actuarial Registry.

Paragraph 1 of the provisional Article 23 of the Banking Act ("Banking Act") No: 5411 published in the Official Gazette No: 25983 on 1 November 2005 requires the transfer of banking funds to the Social Security Institution within 3 years as of the enactment date of the Banking Act. Under the Banking Act, in order to account for obligations, actuarial calculations will be made considering the income and expenses of those funds by a commission consisting of representatives from various institutions. Such calculated obligation shall be settled in equal instalments in maximum 15 years. Nonetheless, the related Article of the Banking Law was annulled by the Constitutional Court's decision No: E. 2005/39 and K. 2007/33 dated 22 March 2007 that were published in the Official Gazette No: 26479 on 31 March 2007 as of the release of the related decision, and the execution of this article was cancelled as of its publication of the decision and the underlying reasoning for the cancellation of the related article was published in the Official Gazette No: 26731 on 15 December 2007.

After the publication of the reasoning of the cancellation decision of the Constitutional Court, articles related with the transfer of banks pension fund participants to Social Security Institution based on Social Security Law numbered 5754 were accepted by the Grand National Assembly of Turkey on 17 April 2008 and published in the Official Gazette No: 26870 on 8 May 2008.

Present value for the liabilities of the transferees as of the transfer date would be calculated by a commission that involves representatives of Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, SDIF, banks and banks' pension fund institutions and technical interest rate, used in actuarial account, would be 9,80%. If salaries and benefits paid by the pension fund of banks and income and expenses of the pension funds in respect of the insurance branches, stated in the Law, exceeds the salaries and benefits paid under the regulations of Social Security Institution, such differences would be considered while calculating the present value for the liabilities of the transferees and the transfers are completed within 3 years beginning from 1 January 2008.

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. With the amendment in the first paragraph of the temporary article 20 of the Social Security and General Health Insurance Law No. 5510 published in the Official Gazette dated March 8, 2012 and numbered 28227, the 2-year postponement authority given to the Council of Ministers was increased to 4 years.It has been resolved that the transfer process has been extended two year with Council of Ministers' Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with Council of Minister Decree No: 2013/467, has become effective on 3 May 2013 and was published in the Official Gazette No: 28636 and transfer need to be completed until 8 May 2014. However, it has been decided to extend the time related to transfer by the decision of Council of Minister published in the Official Gazette No. 28987 dated 30 April 2014 for one more year due to not to realize the transfer process.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits (continued)

In accordance with the Health and Safety Law numbered 6645 which became effective on 4 April 2015 and published in the Official Gazette No: 29335 and dated 23 April 2015 and together with some amendments and statutory decree, Council of Ministers authorized for the determination of transfer date to the Social Security institution and the transfer of Pension Fund was postponed to an unknown date. There is no decision taken by the Cabinet with regards to issue at the date of financial statements. Unmet social benefits and payments of the pension fund participants and other employees that receive monthly income although they are within the scope of the related settlement deeds would be met by pension funds and the institutions employ these participants after the transfer of pension funds to the Social Security Institution. The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2020 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 18 January 2021. There is no need for technical or actual deficit to book provision as of 31 December 2020. In addition, the Bank’s management anticipates that any liability that may come out during the transfer period and after, in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Bank.

XVII. Explanations on taxation

The income tax charge is composed of the sum of current tax charge and deferred tax benefit or charge.

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. Article 14 of the Law on the Amendment of the Law on Collection of Public Claims and Certain Laws, which was submitted to the Grand National Assembly of Turkey on 2 April 2021, will be issued as of 1 July 2021, with its publication in the Official Gazette dated 22 April 2021 and numbered 31462. Starting from the required declarations and being valid for the corporate earnings for the taxation period starting from 1 January 2021, 25% for 2021 and 23% for 2022 corporate earnings (31 December 2020: 22%).

Deferred tax asset or liability is recognized on 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 currently enacted tax rates are used to determine deferred tax on income. Deferred tax liabilities are generally recognized for all taxable temporary differences and 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.

The Bank started calculating deferred tax for the expected credit losses for Stage 1 and Stage 2.

Such assets and liabilities are not recognized 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 deferred tax assets is reviewed at each reporting date. Deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the income statement as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity. Deferred tax assets and liabilities are also offset.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation (continued)

According to the second paragraph of the Article 53 of the Banking Act No 5411 dated 19 October 2005, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

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.

XVIII. Additional explanations on borrowings

The Bank borrows funds from domestic and foreign institutions borrowing from money market and issues marketable securities in domestic and foreign markets when needed.

The funds borrowed are recorded at their purchase costs and valued at amortized costs using the effective interest method. Some of the securities issued by the Bank and resources used with fixed interest rates are subject to fair value hedge accounting. While the credit risk and rediscounted accumulated interest on hedging liabilities are recorded in the income statement under the interest expense, the credit risk and net amount excluding accumulated interest results from hedge accounting are accounted in the income statement under the derivative financial instruments gains/losses by fair value.

XIX. Explanations on share certificates issued

In the meeting of the General Assembly held on 25 March 2021, it has been resolved that, the Bank has no capital increase.

Prior period, in the meeting of the General Assembly held on 26 March 2020, it has been resolved that, the Bank has no capital increase.

XX. Explanations on acceptances

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

XXI. Explanations on government incentives

The Bank does not use government incentives.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXII. Explanations on segment reporting

In accordance with its mission, the Bank mainly operates in corporate and investment banking segments. The corporate banking is serving financial solutions and banking services for its medium and large-scale corporate customers. Services given to corporate customers are; investment credits, project financing, TL and foreign exchange operating loans, letters of credit, letters of guarantees and foreign trade transaction services covering letters of guarantee with external guarantees.

Income from the activities of investment banking includes income from the operations of Treasury and Corporate Finance. Under the investment banking activities, portfolio management for corporate, marketable securities intermediary activities, cash flow management and all types of corporate finance services is provided. The segmental allocation of the Bank's net profit, total assets and total liabilities are shown below.

Current Period	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Net Interest Income	948.568	977.243	-	1.925.811
Net Fees and Commission Income	20.656	29.699	516	50.871
Other Income	-	-	181.567	181.567
Other Expense	(918.178)	(75.504)	(144.331)	(1.138.013)
Profit Before Tax	51.046	931.438	37.752	1.020.236
Tax Provision				(245.943)
Net Profit				**774.293**
Current Period				
Segment Assets	43.505.541	14.090.611	1.014.203	58.610.355
Investment in Associates and Subsidiaries	-	-	1.461.567	1.461.567
Total Assets	**43.505.541**	**14.090.611**	**2.475.770**	**60.071.922**
Segment Liabilities	49.910.171	1.494.611	1.979.845	53.384.627
Shareholders' Equity	-	-	6.687.295	6.687.295
Total Liabilities	**49.910.171**	**1.494.611**	**8.667.140**	**60.071.922**

Prior Period (*)	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Net Interest Income	772.292	703.061	-	1.475.353
Net Fees and Commission Income	27.099	11.482	-	38.581
Other Income	-	121.093	25.360	146.453
Other Expense	(816.886)	(43.260)	(126.735)	(986.881)
Profit Before Tax	(17.495)	792.376	(101.375)	673.506
Tax Provision				(147.373)
Net Profit				**526.133**
Prior Period (**)				
Segment Assets	37.634.445	11.288.060	1.311.033	50.233.538
Investment in Associates and Subsidiaries	-	-	1.232.821	1.232.821
Total Assets	**37.634.445**	**11.288.060**	**2.543.854**	**51.466.359**
Segment Liabilities	42.617.741	1.045.241	1.698.821	45.361.803
Shareholders' Equity	-	-	6.104.556	6.104.556
Total Liabilities	**42.617.741**	**1.045.241**	**7.803.377**	**51.466.359**

(*) Includes information for the period of 30 September 2020.

(**) Includes information for the period of 31 December 2020.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on other matters

1. Classifications

Within the scope of the Regulation on the Uniform Chart of Accounts effective as of 1 January 2021, the guarantees given for derivative transactions with foreign banks, which are shown under the item "Other Assets", started to be followed under the "Banks" item in accordance with the changes made.

This change did not have a significant impact on the financial status or performance of the Bank as at 31 December 2020 and 30 September 2021.

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

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to shareholders' equity

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and in addition to regulations of BRSA numbered 3397 dated 23 March 2020. As of 30 September 2021, the capital adequacy ratio of Bank has been calculated as 18,71% (31 December 2020: 19,41%).

According to annauncement of the BRSA on March 23, 2020, in the calculation of the amount subject to credit risk in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy due to the fluctuations in the financial markets as a result of the COVID-19 epidemic; Monetary and non-monetary assets, excluding items in foreign currency measured in historical cost, can use the foreign exchange buying rate taken as a basis in the preparation of the financial statements as of 31 December 2019, when calculating the amounts valued in accordance with Turkish Accounting Standards and the relevant special provision amounts; With the decision dated 8 December 2020 and numbered 9312, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date was enabled. As of September 30, 2021, the Bank used this opportunity in its Capital Adequacy calculations.

	Current Period	Prior Period
CORE EQUITY TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	2.800.374	2.800.374
Share premiums	-	-
Reserves	2.882.741	2.222.240
Other comprehensive income according to TAS	327.410	423.604
Profit	774.293	732.829
Current Period Profit	774.293	732.829
Prior Period Profit	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Core Equity Tier 1 Capital Before Deductions	**6.784.818**	**6.179.047**
Deductions from Core Equity Tier 1 Capital		
Valuation adjustments calculated as per the 1st clause of 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	97.523	74.491
Leasehold improvements on operational leases	917	1.191
Goodwill (net of related tax liability)	-	-
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	2.862	3.304
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to shareholders' equity (continued)

Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net amount of defined benefit plans	-	-
Investments in own common equity	-	-
Shares obtained against article 56, paragraph 4 of Banking Law	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank does not own 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	44.602	50.116
Mortgage servicing rights not deducted	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions from Tier I capital in cases where there are no adequate additional Tier I or Tier II capitals	-	-
Total Regulatory Adjustments to Tier 1 Capital	**145.904**	**129.102**
Core Equity Tier I Capital	**6.638.914**	**6.049.945**
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Core Equity and the Related Share Premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	-	-
Debt instruments and the related issuance premiums defined by the BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
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 1 capital	-	-
The total of net long position of the direct or indirect investments in additional Tier 1 capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Core Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Core Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	**-**	**-**
Total Additional Tier I Capital	**-**	**-**
Total Tier I Capital (Tier I Capital=Core Equity Tier I Capital+Additional Tier I Capital)	**6.638.914**	**6.049.945**

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to shareholders' equity (continued)

TIER II CAPITAL		
Debt instruments and the related issuance premiums defined by the BRSA	2.658.150	2.200.500
Debt instruments and the related issuance premiums defined by the BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	606.442	515.643
Tier II Capital Before Deductions	**3.264.592**	**2.716.143**
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
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 Common Equity Tier I capital (-)	-	-
Total of net long positions of the investments in Tier II Capital items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	**-**
Total Tier II Capital	**3.264.592**	**2.716.143**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**9.903.506**	**8.766.088**
Deductions from Total Capital		
Loans granted against the articles 50 and 51 of the banking law	-	-
Net book values of movables and immovables exceeding the limit defined in the article 57, clause 1 of the Banking law and the assets acquired against overdue receivables and held for sale but retained more than five years	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Core Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	9.903.506	8.766.088
Total Risk Weighted Assets	52.922.565	45.172.365
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	12,55	13,39
Tier I Capital Adequacy Ratio (%)	12,55	13,39
Capital Adequacy Ratio (%)	18,71	19,41

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to shareholder's equity (continued)

BUFFERS		
Total buffer requirement (a+b+c)	2,511	2,510
a. Capital conservation buffer requirement (%)	2,500	2,500
b. Bank specific counter-cyclical buffer requirement (%)	0,011	0,010
c. Systematic significant buffer (%)	-	-
The ratio of Additional Core Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	6,54	7,39
Amounts below the Excess Limits as per the Deduction Principles		
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	-	-
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	668.351	610.006
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
Limits Related to Provisions Considered in Tier II Calculation		
General reserves for receivables where the standard approach used (before tenthousandtwentyfive limitation)	1.409.125	1.036.807
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	606.442	515.643
Excess amount of total provision amount to credit risk amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4		
(to be implemented between 1 January 2018 and 1 January 2022)	-	-
Upper limit for Additional Tier I Capital subjected to Temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to Temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to Temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to Temporary Article 4	-	-

Explanations on the reconciliation between amounts related to equity items and on balance sheet

There are no differences between the amounts related to equity items and on balance sheet figures.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to shareholders' equity (continued)

Details on Subordinated Liabilities

Issuer	Türkiye Sınai Kalkınma Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN etc.)	XS1584113184
Governing law(s) of the instrument	BRSA, Cominique on Subordinated Liabilities of CMB numbered CMB-II-31.1
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and/or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Secondary subordinated loan which is categorized in subordinated loans equalling bill of exchanges
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date – Million USD)	300
Par value of instrument (Million USD)	300
Accounting classification	347011 (Liability) - Subordinated Debt Instruments
Original date of issuance	28 March 2017
Perpetual or dated	Dated
Original starting and maturity date	28 March 2017 - 29 March 2027 (10 years)
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 29 March 2022 (After 5th year)
Subsequent call dates, if applicable	After 5th year only for once
Interest/dividend payments	
Fixed or floating dividend/coupon	Fixed / semiannualy coupon payment, principal payment at the maturity
Coupon rate and any related index	7,625%
Existence of a dividend stopper	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
Write-down feature	
If write-down, write-down trigger(s)	According to number 5411 article, 71st article of Law of Banking and number 6102 article of Turkish Code of Commerce, if BRSA has seem in case of default.
If write-down, full or partial	Full or Partial
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	None
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2.
In compliance with article number 7 and 8 of "Own fund regulation"	Based on the conditions written on 8th article.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	Not based on the conditions written on 7th article.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to currency risk

No long or short position is taken due to the uncertainties and changes in the markets therefore; no exposure to foreign currency risk is expected. However, possible foreign currency risks are calculated on monthly basis under the standard method in the foreign currency risk table and their results are reported to the official authorities and the Bank's top management. Thus, foreign currency risk is closely monitored. Foreign currency risk, as a part of general market risk, is also taken into consideration in the calculation of Capital Adequacy Standard Ratio.

No short position is taken regarding foreign currency risk, whereas, counter position is taken for any foreign currency risks arising from customer transactions as to avoid foreign currency risk.

Announced current foreign exchange buying rates of the Bank as at reporting date and the previous five working days in US Dollar and Euro are as follows:

	1 US Dollar	1 Euro
The Bank's "Foreign Exchange Valuation Rate"		
30 September 2021	8,8605	10,2827
Prior Five Workdays:		
29 September 2021	8,8175	10,3048
28 September 2021	8,7700	10,2599
27 September 2021	8,8200	10,3382
24 September 2021	8,7130	10,2269
23 September 2021	8,6165	10,0912

Simple arithmetic one month averages of the US Dollar and Euro buying rates of the Bank before the reporting date are full TL 8,4812 and 9,9927 respectively.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to currency risk (continued)

Information on the Bank's foreign currency risk:

Current Period	Euro	US Dollar	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	611.119	723.144	-	1.334.263
Banks	305.807	1.787.480	3.527	2.096.814
Financial Assets at Fair Value Through Profit or Loss (1)	100.839	464.060	769	565.668
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	607.163	3.124.719	-	3.731.882
Loans (2)	18.311.496	22.666.619	-	40.978.115
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Other Financial Assets Measured at Amortized Cost	-	422.718	-	422.718
Derivative Financial Assets for Hedging Purposes (5)	-	227.340	-	227.340
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (3)	39.018	107.316	-	146.334
Total Assets	**19.975.442**	**29.523.396**	**4.296**	**49.503.134**
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	209.110	234.317	-	443.427
Funds Provided From Financial Institutions	14.721.240	23.118.285	-	37.839.525
Marketable Securities Issued (4)	-	12.670.245	-	12.670.245
Miscellaneous Payables	9.268	211.089	46	220.403
Derivative Financial Liabilities for Hedging Purposes (5)	-	-	-	-
Other Liabilities (6)	487.189	271.829	596	759.614
Total Liabilities	**15.426.807**	**36.505.765**	**642**	**51.933.214**
Net Balance Sheet Position	**4.548.635**	**(6.982.369)**	**3.654**	**(2.430.080)**
Net Off-Balance Sheet Position	**(4.167.643)**	**7.757.573**	**(2.684)**	**3.587.246**
Financial Derivative Assets	1.491.635	9.723.692	168.072	11.383.399
Financial Derivative Liabilities	(5.659.278)	(1.966.119)	(170.756)	(7.796.153)
Non-Cash Loans (7)	1.983.693	3.334.897	11.572	5.330.162
Prior Period				
Total Assets	17.248.288	23.118.324	4.550	40.371.162
Total Liabilities	14.589.085	28.781.542	216	43.370.843
Net Balance Sheet Position	**2.659.203**	**(5.663.218)**	**4.334**	**(2.999.681)**
Net Off –Balance Sheet Position	**(2.172.755)**	**6.303.752**	**(2.333)**	**4.128.664**
Financial Derivative Assets	1.479.804	7.943.777	149.341	9.572.922
Financial Derivative Liabilities	(3.652.559)	(1.640.025)	(151.674)	(5.444.258)
Non-Cash Loans (7)	1.875.631	2.705.274	1.876	4.582.781

(1) Exchange rate differences arising from derivative transactions amounting to TL 57.397 is deducted from "Financial Assets at Fair Value Through Profit or Loss".
(2) Loans include TL 1.245.882 foreign currency indexed loans, TL 227.747 financial lease receivables, TL 976.136 non-performing loans, and TL (464.683) credit-impaired losses (Stage III / Special Provision).
(3) Prepaid expenses amounting to TL 2.605 and 12 months expected credit loss for other assets amounting to TL (1.713) are not included other assets.
(4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.
(5) Derivative financial assets for hedging purposes has classified in line of derivative financial assets; derivative financial liabilities for hedging purposes has classified in line of derivative financial liabilities in financial statement. Foreign exchange difference accrual amounting to TL (35.681) is deducted from " Derivative Financial Assets for Hedging Purposes".
(6) Exchange rate differences arising from derivative transactions amounting to TL 40.949, Forward foreign exchange buying transaction rediscounts amounting to TL 29 and other provisions amounting to TL 37.586 have not been included in "Other Liabilities".
(7) Has no effect on net off-balance sheet position.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank. General and specific interest rate risk tables in the standard method, by including assets and liabilities, are taken into account in determination of Capital Adequacy Standard Ratio and to calculate the overall interest rate risk of the Bank.

Forecast results, which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analysis. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

The amount of local borrowings is very low considering the total liabilities of the Bank. As the Bank is a development and investment bank, it obtains most of the funding from abroad.

The fluctuations in interest rates are controlled with interest rate risk tables, gap analysis, scenario analysis and stress tests, its effect in assets and liabilities and the probable changes in cash flows are being screened. The Bank screens many risk control ratios including the markets risk ratio to the sum of risk weighted assets and the ratio of the value at risk calculated as per the internal model to the equity.

Under the scope of risk policies, continuous controls are made to prevent assets or shareholders' equity from adverse effects because of fluctuations in interest rates or liquidity difficulties and top management, the Board of Directors and the Audit Committee are informed of these risks.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk (continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)(2)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	26.207	-	-	-	-	1.334.617	1.360.824
Banks	1.953.311	62.150	-	-	-	136.728	2.152.189
Financial Assets at Fair Value Through Profit and Loss (3)	194.350	582.767	76.789	262.103	248.606	-	1.364.615
Money Market Placements	328.560	77.119	84.165	-	-	-	489.844
Financial Assets at Fair Value Through Other Comprehensive Income	678.256	218.244	887.154	2.249.550	1.903.480	217.790	6.154.474
Loans	6.310.981	10.213.228	15.783.980	8.738.105	3.557.044	-	44.603.338
Financial Assets Measured at Amortized Cost	353.748	1.002.227	1.386.775	-	422.717	-	3.165.467
Other Assets (2)	-	-	-	64.403	-	716.768	781.171
Total Assets	**9.845.413**	**12.155.735**	**18.218.863**	**11.314.161**	**6.131.847**	**2.405.903**	**60.071.922**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	492.686	-	-	-	-	-	492.686
Miscellaneous Payables	-	-	-	-	-	224.458	224.458
Marketable Securities Issued (4)	-	-	2.954.090	9.716.155	-	-	12.670.245
Funds Provided from Other Financial Institutions	7.813.164	9.087.424	14.432.657	5.304.755	1.603.851	-	38.241.851
Other Liabilities	22.173	42.906	60.368	172.844	174.204	7.970.187	8.442.682
Total Liabilities	**8.328.023**	**9.130.330**	**17.447.115**	**15.193.754**	**1.778.055**	**8.194.645**	**60.071.922**
Balance Sheet Long Position	**1.517.390**	**3.025.405**	**771.748**	**-**	**4.353.792**	**-**	**9.668.335**
Balance Sheet Short Position	**-**	**-**	**-**	**(3.879.593)**	**-**	**(5.788.742)**	**(9.668.335)**
Off-Balance Sheet Long Position	716.649	320.474	-	2.981.203	354.598	-	4.372.924
Off-Balance Sheet Short Position	-	-	(4.009.229)	-	-	-	(4.009.229)
Total Position	**2.234.039**	**3.345.879**	**(3.237.481)**	**(898.390)**	**4.708.390**	**(5.788.742)**	**363.695**

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellenous liabilities, shareholders' equity, provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.
(2) Expected credit losses for stage 1 and stage 2 are shown on the other assets, non-interest bearing.
(3) Derivative financial assets and loans measured at fair value through profit or loss.
(4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk (continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1) (2)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	2.167	-	-	-	-	1.021.459	1.023.626
Banks	189.755	-	-	-	-	35.392	225.147
Financial Assets at Fair Value Through Profit and Loss (3)	67.522	396.022	344.114	430.958	360.680	-	1.599.296
Money Market Placements	629.331	423.349	370.316	-	-	-	1.422.996
Financial Assets at Fair Value Through Other Comprehensive Income	86.937	432.106	795.592	1.738.026	1.407.390	142.801	4.602.852
Loans	7.109.193	7.050.284	12.314.845	8.837.365	3.057.191	-	38.368.878
Financial Assets Measured at Amortized Cost	418.781	1.114.854	1.186.267	-	363.157	-	3.083.059
Other Assets (2)	-	-	-	64.403	-	1.076.102	1.140.505
Total Assets	**8.503.686**	**9.416.615**	**15.011.134**	**11.070.752**	**5.188.418**	**2.275.754**	**51.466.359**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.045.241	-	-	-	-	-	1.045.241
Miscellaneous Payables	-	-	-	-	-	125.321	125.321
Marketable Securities Issued (4)	316.136	99.003	2.221.421	7.684.218	-	-	10.320.778
Funds Provided from Other Financial Institutions	3.379.736	8.221.244	13.991.323	4.988.413	1.716.247	-	32.296.963
Other Liabilities	78.372	79.371	108.972	391.963	242.727	6.776.651	7.678.056
Total Liabilities	**4.819.485**	**8.399.618**	**16.321.716**	**13.064.594**	**1.958.974**	**6.901.972**	**51.466.359**
Balance Sheet Long Position	**3.684.201**	**1.016.997**	**-**	**-**	**3.229.444**	**-**	**7.930.642**
Balance Sheet Short Position	**-**	**-**	**(1.310.582)**	**(1.993.842)**	**-**	**(4.626.218)**	**(7.930.642)**
Off-Balance Sheet Long Position	-	-	100.347	3.963.537	428.714	-	4.492.598
Off-Balance Sheet Short Position	(2.264.227)	(2.197.706)	-	-	-	-	(4.461.933)
Total Position	**1.419.974**	**(1.180.709)**	**(1.210.235)**	**1.969.695**	**3.658.158**	**(4.626.218)**	**30.665**

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellenous liabilities, shareholders' equity, provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.

(2) Expected credit losses for stage 1 and stage 2 are shown on the other assets, non-interest bearing.

(3) Derivative financial assets and loans measured at fair value through profit or loss.

(4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	12,50
Banks	0,31	0,09	-	18,60
Financial Assets at Fair Value Through Profit and Loss (2)	-	4,34	-	-
Money Market Placements	-	-	-	19,50
Financial Assets at Fair Value Through Other Comprehensive Income	4,51	5,14	-	16,47
Loans	4,74	5,44	-	18,06
Financial Assets Measured at Amortized Cost	-	5,60	-	15,68
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,12	0,23	-	14,03
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	4,56	-	-
Borrower Funds	0,10	0,20	-	14,00
Funds Provided From Other Financial Institutions	1,09	1,40	-	17,57

(1) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.
(2) Includes loans measured at fair value through profit or loss.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	12,00
Banks	0,95	0,05	-	17,38
Financial Assets at Fair Value Through Profit and Loss (2)	-	4,34	-	-
Money Market Placements	-	-	-	17,16
Financial Assets at Fair Value Through Other Comprehensive Income	2,68	5,19	-	11,91
Loans	4,70	5,57	-	15,09
Financial Assets Measured at Amortized Cost	-	5,60	-	13,31
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,12	0,26	-	16,68
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	4,29	-	-
Borrower Funds	0,10	0,20	-	12,50
Funds Provided From Other Financial Institutions	1,06	1,48	-	11,81

(1) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.
(2) Includes loans measured at fair value through profit or loss.

IV. Explanations related to stock position risk

Accounting practices regarding investments in associates and subsidiaries are included in Section 3 Note XXIII.I

Equity shares risk due from banking book

The table below is the comparison table of the Bank's share certificate instruments' book value, and market value.

Current Period	**Comparison**		
Share Certificate Investments	**Book Value**	**Fair Value**	**Market Value**
Investment in Shares-Grade A	**595.678**	**-**	**729.141**
Quoted	595.678	-	729.141
Investment in Shares-Grade B	**535.388**	**-**	**1.645.568**
Quoted	535.388	-	1.645.568

Prior Period	**Comparison**		
Share Certificate Investments	**Book Value**	**Fair Value**	**Market Value**
Investment in Shares-Grade A	**552.922**	**-**	**1.068.704**
Quoted	552.922	-	1.068.704
Investment in Shares-Grade B	**424.079**	**-**	**2.416.263**
Quoted	424.079	-	2.416.263

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations related to stock position risk (continued)

On the basis of the following table, private equity investments in sufficiently diversified portfolios, type and amount of other risks, cumulative realized gains and losses arising from selling and liquidation in the current period, total unrealized gains and losses, total revaluation increases of trading positions on stock market and their amount that included to core capital and supplementary capital are shown.

Equity shares risk due from banking book (continued)

Current Period	Realized	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio	Revenues and Losses in the Period	Total	Included in Core Capital (1)	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	76.202	76.202	-	-	-
Other Share Certificates	-	101.557	101.557	-	-	-
Total	**-**	**177.759**	**177.759**	**-**	**-**	**-**

Prior Period	Realized	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio	Revenues and Losses in the Period	Total	Included in Core Capital (1)	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	111.358	111.358	-	-	-
Other Share Certificates	-	110.445	110.445	-	-	-
Total	**-**	**221.803**	**221.803**	**-**	**-**	**-**

(1) It refers to the amounts reflected to equity for investments in associates and subsidiaries valued according to the equity method.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to the liquidity risk management and liquidity coverage ratio

1. Explanations related to the liquidity risk

1.a Information about the governance of unconsolidated liquidity risk management, including: risk tolerance, structure and responsibilities for unconsolidated liquidity risk management, internal unconsolidated liquidity reporting and communication of unconsolidated liquidity risk strategy, policies and practices across business lines and with the board of directors

Liquidity risk management is conducted by Treasury Department in line with the strategies set by Asset and Liability Committee within the limits and policies approved by Board of Directors, and is monitored and controlled through reportings from Risk Management, Budget Planning and Financial Control Departments to Audit Committee, Board of Directors, Senior Management and relevant departments.

The Bank's liquidity risk capacity is determined by the Bank's internal limits and the regulations on liquidity coverage ratio and liquidity adequacy. Regarding it's risk appetite, in addition to legal limits, the Bank also applies internal limits for monitoring and controlling the liquidity risk.

Considering the Bank's strategies and competitive conditions, Asset and Liability Committee has the responsibility of taking the relevant decisions regarding optimal balance sheet management of the Bank, and monitoring the implementations. Treasury Department performs cash position management within the framework of the decisions taken at Asset and Liability Committee meetings.

The Risk Management Department reports to the Board of Directors and the Asset and Liability Committee regarding liquidity risk within the scope of internal limits and legal regulations. Additionnally, liquidity stress tests are performed based on various scenarios and reported with their impact on legal limit utilization. Treasury Control Unit under the Budget Planning Department also makes cash flow projection reportings to the Treasury Department and the Asset Liability Committee at certain periods and when needed.

As a result of the financial uncertainty caused by the coronavirus outbreak, liquidity management has been one of the top priorities of the Bank. According to the regulation published by the BRSA on 26 March 2020, for deposit banks; It was decided to provide flexibility in compliance with the minimum ratios of the Liquidity Coverage Ratio (LCR) and for development and investment banks; in order to reduce the operational burden, it was decided to exempt the Liquidity Coverage Ratio (LCR) from the reporting obligations to the Agency until 31 December 2020. As of January 1, 2021, reporting to the Agency has started.

The Bank continues to manage LCR within the framework of risk appetite by keeping its high quality liquid assets at a sufficient level.

1.b Information on the centralization degree of unconsolidated liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries

Within the scope of consolidation, liquidity management is not centralized and each subsidiary is responsible for its own liquidity management. However, the Bank monitors the liquidity risk of each subsidiary within the defined limits.

1.c Information on the Bank's funding strategy including the policies on funding types and variety of maturities

Among the main funding sources of the Bank, there are development bank credits, capital market transactions, syndicated loans, bilateral contractual resources, repo transactions and money market transactions and these sources are diversified to minimize the liquidity risk within the terms of market conditions. The funding planning based on those loans is performed long term such as a minimum of one year and the performance is monitored by the Asset and Liability Committee.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)

1. Explanations related to the liquidity risk (continued)

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

The Bank's obligations consist of Turkish Lira (TRY), US Dollar (USD) and Euro (EUR) currency types. Turkish Lira obligations mainly consist of equity and repurchase agreements, whereas foreign currency obligations consist of foreign currency credits, securities issued and repurchase agreements. All loans provided from foreign sources are in foreign currencies. For this reason, foreign resources can be used in TL funding by currency swap transactions when necessary.

1.d Information on unconsolidated liquidity risk mitigation techniques

Unconsolidated Liquidity limits are defined for the purpose of monitoring and keeping the risk under certain levels. The Bank monitors those limits' utilization and informs the Board of Directors, the Bank Senior Management and the relevant departments regularly. Regarding those limits, the Treasury Department performs the required transactions with the relevant cost and term composition in accordance with market conditions from the sources previously defined in Article c. The Bank minimizes the liquidity risk by holding high quality liquid assets and diversification of funds.

1.e Information on the use of stress tests

Within the scope of liquidity stress tests, the deteriorations that may occur in the cash flow structure of the Bank are assessed by the Bank's scenarios. The results are analyzed by taking into account the risk appetite and capacity of the Bank and reported to the senior management by the Risk Management Department ensuring the necessary actions are taken.

1.f General information on urgent and unexpected unconsolidated liquidity situation plans

There is a Contingency Funding Plan for the contingent periods that arises beyond the Bank's control. In a potential liquidity shortfall, Treasury Department is responsible from assessment, taking relevant actions and informing Asset and Liability Committee. In contingent cases, to identify the liquidity risk arising, cash flow projections and funding requirement estimations are exercised based on various scenarios. To assess the stress scenarios**,** cash flow in terms of local currency is monitored regularly by Treasury Department. Scenario analysis on the Bank's unencumbered sources are conducted daily. Transaction limits for organized markets are monitored timely and essential collateral amount to trade in those markets is withheld at hand. Repo transactions and/or available for sale portfolio securities in local and foreign currency that are major funding sources in shortfall periods for the Bank are monitored consistently. In contingent periods outflows due to the irrevocable commitments, contingencies and derivative transactions can be deferred temporarily in a way that won't hurt the Bank's reputation. TSKB has the optionality of choosing one or more of the following for meeting it's liquidity requirement that are selling liquid assets off, increasing short term borrowing, decreasing illiquid assets, increasing capital.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)

2. Liquidity Coverage Ratio

According to regulations which is published on 28948 numbered gazette on 21 March 2014 related to calculation of liquidity coverage ratio of banks, calculated liquidity coverage ratios are shown below. Including the reporting period for the last three months unconsolidated foreign currency and total liquidity coverage ratios and the lowest and highest values during the period are shown below:

	Current Period		Prior Period	
	TL+FC	**FC**	**TL+FC**	**FC**
Lowest	189,53	182,84	202,58	168,64
Related Week	02/07/2021	23/07/2021	20/11/2020	06/11/2020
Highest	542,89	326,05	319,73	302,79
Related Week	27/08/2021	06/08/2021	18/12/2020	11/12/2020

		Rate of "Percentage to be taken into account" not Implemented Total value		Rate of "Percentage to be taken into account" Implemented Total value	
Current Period		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets	-	-	5.813.029	2.941.738
CASH OUTFLOWS					
2	Retail and Customers Deposits	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured Funding other than Retail and Small Business, Customers Deposits	2.140.702	1.783.224	1.700.892	1.352.428
6	Operational deposits	176.774	168.710	44.194	42.178
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	1.963.928	1.614.514	1.656.698	1.310.250
9	Secured funding			-	-
10	Other Cash Outflows	374.990	414.299	374.990	414.299
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	205.931	245.240	205.931	245.240
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	169.059	169.059	169.059	169.059
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	32.807.474	27.979.013	1.640.374	1.398.951
15	Other irrevocable or conditionally revocable commitments	13.292.869	12.117.244	1.401.055	1.211.665
16	**TOTAL CASH OUTFLOWS**			**5.117.311**	**4.377.343**
CASH INFLOWS					
17	Secured Lending Transactions	5.535	-	-	-
18	Unsecured Lending Transactions	4.218.163	3.210.497	3.462.503	2.612.860
19	Other contractual cash inflows	139.740	1.901.096	139.740	1.901.096
20	**TOTAL CASH INFLOWS**	**4.363.438**	**5.111.593**	**3.602.243**	**4.513.956**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**5.813.029**	**2.941.738**
22	**TOTAL NET CASH OUTFLOWS**			**1.515.068**	**1.094.336**
23	**LIQUIDITY COVERAGE RATIO (%)**			**384**	**269**

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)

2. Liquidity Coverage Ratio (continued)

		Rate of "Percentage to be taken into account" not Implemented Total value		Rate of "Percentage to be taken into account" Implemented Total value	
Prior Period		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets	-	-	4.950.076	2.896.176
CASH OUTFLOWS					
2	Retail and Customers Deposits	2	1	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	2	1	-	-
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.010.111	1.722.619	1.498.674	1.254.248
6	Operational deposits	77.875	68.477	19.469	17.119
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	1.932.236	1.654.142	1.479.205	1.237.129
9	Secured funding	-	-	-	-
10	Other Cash Outflows	404.333	527.933	404.333	527.933
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	211.753	335.353	211.753	335.353
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	192.580	192.580	192.580	192.580
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	29.695.004	24.993.715	1.484.750	1.249.686
15	Other irrevocable or conditionally revocable commitments	10.765.073	9.785.245	1.169.254	1.046.328
16	**TOTAL CASH OUTFLOWS**			**4.557.011**	**4.078.195**
CASH INFLOWS					
17	Secured Lending Transactions	3.111	-	-	-
18	Unsecured Lending Transactions	3.029.404	1.434.574	2.378.673	887.434
19	Other contractual cash inflows	122.990	1.943.235	122.990	1.943.235
20	**TOTAL CASH INFLOWS**	**3.155.505**	**3.377.809**	**2.501.663**	**2.830.669**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**4.950.076**	**2.896.176**
22	**TOTAL NET CASH OUTFLOWS**			**2.055.348**	**1.247.526**
23	**LIQUIDITY COVERAGE RATIO (%)**			**241**	**232**

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)

3. Minimum explanations related to the liquidity coverage ratio by Banks:

As per The Regulation on The Calculation of Liquidity Coverage Ratio, Liquidity Coverage Ratio is the ratio of high quality liquid assets to net cash outflows. Total and foreign currency limits 100% and 80% are assigned on consolidated and unconsolidated basis respectively. For the development and investment banks, Banking Regulations and Supervision Agency decided to apply zero percent to the total and foreign currency consolidated and unconsolidated liquidity coverage ratios unless stated otherwise.

In the Liquidity Coverage Ratio calculation, the items with the highest impact are high quality liquid assets, foreign funds and money market transactions. High quality liquid assets mainly consist of the required reserves held in the Central Bank of the Republic of Turkey and unencumbered securities issued by the Treasury.

Main funding source of the Bank is long term loans attained from international financial institutions. The ratio of those loans in total funding is around 67,5%. The total ratio of the securities issued in purpose of funding diversification and loans attained through syndication loans in overall borrowing is 29%, 3,5% of the Bank's total funding is provided from repurchase agreements.

30-day cash flows arising from derivative transactions are included in the calculation in accordance with the Regulation. The Bank also takes into consideration the liabilities depending on the possibility of changing the fair values of the derivative transactions in accordance with the Regulation.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1)(2)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	17	1.360.807	-	-	-	-	-	1.360.824
Banks	136.728	1.953.311	62.150	-	-	-	-	2.152.189
Financial Assets at Fair Value Through Profit and Loss (3)	-	306.699	686.784	369.332	1.800	-	-	1.364.615
Money Market Placements	-	328.560	77.119	84.165	-	-	-	489.844
Financial Assets at Fair Value Through Other Comprehensive Income	-	60.226	22.799	1.183.643	2.680.505	1.989.511	217.790	6.154.474
Loans	-	2.040.747	1.985.884	10.623.106	20.520.986	9.432.615	-	44.603.338
Financial Assets Measured at Amortized Cost	-	-	-	725.264	1.889.141	551.062	-	3.165.467
Other Assets (2)	-	-	-	64.403	-	-	716.768	781.171
Total Assets	**136.745**	**6.050.350**	**2.834.736**	**13.049.913**	**25.092.432**	**11.973.188**	**934.558**	**60.071.922**
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	629.696	1.577.002	5.062.314	16.342.857	14.629.982	-	38.241.851
Money Market Borrowings	-	492.686	-	-	-	-	-	492.686
Marketable Securities Issued (4)	-	-	-	2.954.090	9.716.155	-	-	12.670.245
Miscellaneous Payables	-	-	-	-	-	-	224.458	224.458
Other Liabilities	-	127.484	124.403	215.668	4.940	-	7.970.187	8.442.682
Total Liabilities	**-**	**1.249.866**	**1.701.405**	**8.232.072**	**26.063.952**	**14.629.982**	**8.194.645**	**60.071.922**
Liquidity Gap	**136.745**	**4.800.484**	**1.133.331**	**4.817.841**	**(971.520)**	**(2.656.794)**	**(7.260.087)**	**-**
Net Off-balance sheet Position	**-**	**33.654**	**12.160**	**262.910**	**55.156**	**(185)**	**-**	**363.695**
Financial Derivative Assets	-	4.556.805	2.114.010	5.676.081	14.111.156	2.969.222	-	29.427.274
Financial Derivative Liabilities	-	4.523.151	2.101.850	5.413.171	14.056.000	2.969.407	-	29.063.579
Non-cash Loans	-	506.410	431.961	3.266.742	255.409	1.024.798	266.086	5.751.406
Prior Period								
Total Assets	**35.409**	**5.430.910**	**3.504.606**	**7.156.414**	**23.657.274**	**10.462.843**	**1.218.903**	**51.466.359**
Total Liabilities	**-**	**2.236.322**	**973.698**	**7.499.246**	**21.185.837**	**12.669.284**	**6.901.972**	**51.466.359**
Liquidity Gap	**35.409**	**3.194.588**	**2.530.908**	**(342.832)**	**2.471.437**	**(2.206.441)**	**(5.683.069)**	**-**
Net Off-balance sheet Position	**-**	**(69.036)**	**118.236**	**(72.346)**	**46.037**	**7.774**	**-**	**30.665**
Financial Derivative Assets	-	1.909.302	2.081.900	5.534.260	15.268.806	3.179.750	-	27.974.018
Financial Derivative Liabilities	-	1.978.338	1.963.664	5.606.606	15.222.769	3.171.976	-	27.943.353
Non-cash Loans	-	260.744	336.541	2.535.054	525.831	978.073	302.597	4.938.840

(1) Other assets and shareholders' equity, provisions and tax liability, which are necessary and cannot be converted into cash in the near future for the Bank's ongoing activities, such as tangible and intangible assets, deferred tax asset, other miscellaneous receivables, investments in subsidiaries and associates, entities under common control, office supply inventory, prepaid expenses and non-performing loans are classified under "Undistributed" column.
(2) Expected credit losses for stage 1 and stage 2 are shown on the other assets, undistributed.
(3) Includes derivative financial assets and Financial Assets at Fair Value Through Profit and Losses.
(4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to leverage ratio

a) Information on subjects that causes difference in leverage ratio between current and prior period

The table related to calculation of leverage ratio in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level" which is published on the Official Gazette no.28812 dated 5 November 2013 is given below.

As of 30 September 2021 leverage ratio of the Bank calculated from the arithmetic average of the three months is 9,74% (31 December 2020: 9,78%). Total balance sheet assets are increased by 11% compared to prior period.

b) Leverage Ratio

		Current Period (1)	Prior Period (1)
	Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	57.712.725	52.084.588
2	(Assets deducted from Core Capital)	(148.284)	(93.983)
3	**Total risk amount of balance sheet assets (sum of lines 1 and 2)**	**57.564.441**	**51.990.605**
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	1.053.403	1.663.566
5	Potential credit risk amount of derivative financial assets and credit derivatives	442.727	394.989
6	**Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)**	**1.496.130**	**2.058.555**
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	829.690	479.826
8	Risk amount arising from intermediary transactions	-	-
9	**Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)**	**829.690**	**479.826**
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	13.449.749	11.084.264
11	(Correction amount due to multiplication with credit conversion rates)	(6.101.934)	(4.895.145)
12	**Total risk of off-balance sheet transactions (sum of lines 10 and 11)**	**7.347.815**	**6.189.119**
	Capital and total risk		
13	Core Capital	6.549.859	5.938.217
14	Total risk amount (sum of lines 3, 6, 9 and 12)	67.238.076	60.718.105
	Leverage ratio		
15	**Leverage ratio**	**%9,74**	**%9,78**

(1) The arithmetic average of the last three months in the related periods.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to risk management

Linkages between financial statements and risk amounts

The footnotes prepared in accordance with the "Regulation on Calculation Risk Management Disclosures", which was published in the Official Gazette No. 29511 of 23 October 2015 and entered into force as of 31 March 2016, and the disclosures pertaining thereto are provided in this section.

As the standard approach is utilized for the calculation of the capital adequacy of the Bank, no statement has been included as regards the methods based on internal models as per the relevant communiqué.

Disclosures on the Risk management approach and risk-weighted amount

Risk management approach of the Bank allows for ensuring the establishment of a common risk culture covering the entire institution within the scope of the policies and codes of practice designated by the Board of Directors, for identifying risks in harmony with international arrangements and for performing the activities of measurement, analysis, monitoring and reporting accordingly.

Risk Management Department has been organized within the Bank so as to ensure compliance with the relevant policies, codes of practice and processes and to manage, in parallel with these policies, the risks the Bank is exposed to Risk Management Department, the duties and responsibilities of which are designated through the regulations approved by the Board of Directors, carries out its activities independently from executive activities and executive units and under the Audit Committee.

Risk Management Department develops the systems required within the process of risk management and carries out the relevant activities, monitors the compliance of risks with policies, standards, limits of the Bank and its risk appetite indicators and performs activities aimed at harmonization with the relevant legislation and the Basel criteria. Risk measurements are performed through the standard approaches for legal reporting and the advanced approaches are utilized internally.

Risk Management Department submits its detailed risk management reports prepared on monthly and quarterly basis to the Board of Directors via the Audit Committee. These reports cover measurements regarding main risks, stress tests and scenario analyses and the status of compliance with the identified limit levels and risk appetite indicators.

Prospective risk assessments are carried out by conducting periodical stress tests on loan, market and interest risks and the impact of results on the overall financial power of the Bank is evaluated. The relevant results are notified to the Audit Committee and contribute to the assessment of the financial structure of the Bank at the moment of stress. Stress test scenarios are determined by evaluating the impacts posed by previous economic crises on macroeconomic indicators and expectations from the upcoming period. By estimating the risks and capital position of the Bank within the upcoming period, various analyses are performed in terms of legal and internal capital adequacy ratios, and the ICAAP (Internal Capital Adequacy Assessment Process) report is submitted to the BRSA.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to risk management (continued)

Overview of risk weighted assets

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk)	44.996.642	37.950.487	3.599.731
2	Standardised approach	44.996.642	37.950.487	3.599.731
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1.847.871	1.775.929	147.830
5	Standardised approach for counterparty credit risk	1.847.871	1.775.929	147.830
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies look-through approach	-	-	-
9	Investments made in collective investment companies mandate-based approach	-	-	-
10	Investments made in collective investment companies 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB supervisory formula approach	-	-	-
15	Simplified supervisory formula approach	-	-	-
16	Market risk	1.194.575	1.369.825	95.566
17	Standardised approach	1.194.575	1.369.825	95.566
18	Internal model approaches	-	-	-
19	Operational risk	3.212.599	2.551.109	257.008
20	Basic indicator approach	3.212.599	2.551.109	257.008
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	1.670.878	1.525.015	133.670
24	Floor adjustment	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**52.922.565**	**45.172.365**	**4.233.805**

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

1.a Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	17	-	17	-
Balances with the Central Bank of Turkey	26.544	1.334.263	2.227	1.021.382
Other	-	-	-	-
Total	**26.561**	**1.334.263**	**2.244**	**1.021.382**

1.b. Information related to the account of the Central Bank of Turkey:

	Current Period(1)		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	26.544	11.567	2.227	10.138
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (2)	-	1.322.696	-	1.011.244
Total	**26.544**	**1.334.263**	**2.227**	**1.021.382**

(1) Expected credit loss amounting to TL 716 is allocated in "Balances with the Central Bank of Turkey" (31 December 2020: 546 TL).
(2) Deposits at Central Bank of Turkey held as reserve requirement.

As per the Communiqué numbered 2005/1 "Reserve Deposits" of the CBRT, banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. Reserves are calculated and set aside every two weeks on Fridays for 14 days periods. The CBRT Required reserves of 2 May 2015 has started to pay interest to the Required reserves, reserve options and unrestricted account held in US dollars according to regulation released at 5 May 2015. Interest for the required reserves in Turkish Lira is paid since 21 June 2018.

12,5 percent interest rate is applied to required reserves in Turkish lira, effective from 24 September 2021.

As per the "Communiqué on Amendments to be Made on Communiqué on Required Reserves" of Central Bank of Turkey, numbered 2011/11 and 2011/13, required reserves for Turkish Lira and Foreign currency liabilities are set at Central Bank of Turkey based on rates mentioned below. Reserve rates prevailing at 30 September 2021 are presented in table below:

Reserve Rates for Turkish Lira Liabilities (%)	
Original Maturity	**Reserve Ratio**
Borrower Funds	8
Until 1 year maturity (1 year included)	8
Until 3 years maturity (3 year included)	5,5
More than 3 year maturity	3

Original Maturity	Reserve Ratio
Borrower Funds	23
Until 1 year maturity (1 year included)	21
Until 2 year maturity (2 year included)	16
Until 3 year maturity (3 year included)	11
Until 5 year maturity (5 year included)	7
More than 5 year maturity	5

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

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

2.a Information on financial assets designated at fair value through profit and loss given as collateral or blockage:

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss given as collateral or blockage (31 December 2020: None).

2.b Financial assets designated at fair value through profit and loss subject to repurchase agreements:

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2020: None).

2.c Positive differences table related to derivative financial assets:

	Current Period		Prior Period	
Financial Derivative Assets (1)	**TL**	**FC**	**TL**	**FC**
Forward Transactions	20.799	830	64.966	1.283
Swap Transactions	565.729	357.733	547.727	455.454
Futures Transactions	-	-	-	-
Options	-	1.405	-	4.070
Other	-	-	-	-
Total	**586.528**	**359.968**	**612.693**	**460.807**

(1) Derivative financial assets for hedging purposes amounting to TL 155.022 were presented at "Derivative Financial Assets" line (31 December 2020: 262.669).

As part of its economic hedging strategy, the Bank has implemented TL cross currency interest rate swap transactions in which the Bank's default risk is the reference. These swap agreements are subject to a direct closing condition for both the Bank and the counterparty, in the event of a credit default event (such as a non-payment) related to the Bank, to cancel the amounts accrued in the contract and all future payments. The market rediscount value of these swaps with a nominal value of USD 95 million as of 30 September 2021 is TL 384.764 and the average rates are between 2022 and 2023.

2.d Loans measured at Fair Value through Profit/Loss:

Net Book Value	Current Period	Prior Period
Loans Measured at Fair Value through Profit/Loss	263.097	263.097

Include the loan granted to the special purpose entity as detailed in Section Five Note I.16. This loan is accounted under loans measured at fair value through profit/loss as per TFRS 9.

As of 30 September 2021, the Bank re-evaluated the fair value of the loan in consideration of current market conditions and macroeconomic indicators, and did not change the fair value of the financial asset.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

3. Information on banks and foreign banks account

3.a Information on banks:

	Current Period (1)		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	55.375	1.077.008	55.795	2.277
Foreign	-	1.019.806	-	167.075
Branches and head office abroad	-	-	-	-
Total	**55.375**	**2.096.814**	**55.795**	**169.352**

(1) Expected credit loss amounting to TL 112 is allocated in "Banks" (31 December 2020: 29 TL).

3.b Information on foreign banks

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Information on financial assets at fair value through other comprehensive income

4.a.1 Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	49.287	709.049	384.612	-
Treasury bills	-	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**49.287**	**709.049**	**384.612**	**-**

4.a.2 Information on financial assets at fair value through other comprehensive income given as collateral or blockage:

As of 30 September 2021, all financial assets at fair value through other comprehensive income given as collateral comprise of financial assets issued by the T.R. Undersecreteriat of Treasury. The carrying value of those assets is TL 2.096.432.

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	789.758	1.306.674	814.409	1.092.241
Other	-	-	-	-
Total	**789.758**	**1.306.674**	**814.409**	**1.092.241**

4.b Major types of financial assets at fair value through other comprehensive income:

Financial assets at fair value through other comprehensive income comprised of government bonds 33,36%, Eurobonds 58,63% and shares and other securities 8,01% (31 December 2020: 36,83% government bonds, 56,92% Eurobond, 6,25% shares and other securities).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

4. Information on financial assets at fair value through other comprehensive income (continued)

4.c Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt securities	5.985.787	4.479.369
Quoted on a stock exchange	2.368.470	1.859.757
Unquoted	3.617.317	2.619.612
Share certificates	181.949	151.626
Quoted on a stock exchange	32.317	45.011
Unquoted	149.632	106.615
Impairment provision(-)	58.260	31.730
Total	44.998	3.587
	6.154.474	**4.602.852**

The net book value of unquoted financial assets at fair value through other comprehensive income share certificates is TL 140.474 (31 December 2020: 94.202 TL).

5. Explanation on loans

5.a Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	472.924	-	294.689	-
Corporate shareholders	472.924	-	294.689	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	1.101	-	917	-
Total	**474.025**	**-**	**295.606**	**-**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Explanation on loans (continued)

5.b Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Current Period (1)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	38.310.282	2.206.977	3.079.028	-
Working Capital loans	6.864.604	400.934	1.354.364	-
Export loans	963.085	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	5.612.166	-	-	-
Consumer loans	1.101	-	-	-
Credit cards	-	-	-	-
Other	24.869.326	1.806.043	1.724.664	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**38.310.282**	**2.206.977**	**3.079.028**	**-**

(1) According to Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 1.907.168 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

Prior Period (1)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	32.985.589	513.781	2.872.574	857.773
Working Capital loans	4.821.651	291.707	939.890	857.773
Export loans	695.026	-	99.724	-
Import loans	-	-	-	-
Loans given to financial sector	5.315.675	-	-	-
Consumer loans	917	-	-	-
Credit cards	-	-	-	-
Other	22.152.320	222.074	1.832.960	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**32.985.589**	**513.781**	**2.872.574**	**857.773**

(1)According to Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 887.975 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Explanation on loans (continued)

5.b Information on the first and second group loans and other receivables including restructured or rescheduled loans (continued)

	Current Period		Prior Period	
	Standard Loans	**Loans under Close Monitoring**	**Standard Loans**	**Loans under Close Monitoring**
12 Months Expected Credit Loss	368.754		421.695	-
Significant Increase in Credit Risk		992.140	-	575.834

5.c Loans according to their maturity structure:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Explanation on loans (continued)

5.d Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	94	1.007	1.101
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	94	1.007	1.101
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	**94**	**1.007**	**1.101**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Explanation on loans (continued)

5.d Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel (continued):

Prior Period	**Short Term**	**Medium and Long Term**	**Total**
Consumer Loans-TL	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	86	831	917
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	86	831	917
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose 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)	-	-	-
Total	**86**	**831**	**917**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Explanation on loans (continued)

5.e Information on commercial loans with instalments and corporate credit cards:

The Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (31 December 2020: None).

5.f Loans according to borrowers:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	43.438.660	37.096.778
Foreign loans	157.627	132.939
Total	**43.596.287**	**37.229.717**

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	838.868	729.154
Indirect loans granted to subsidiaries and associates	-	-
Total	**838.868**	**729.154**

5.i Specific provisions provided against loans or default (Stage 3) provisions:

	Current Period	Prior Period
Loans and receivables with limited collectability	220.764	401.917
Loans and receivables with doubtful collectability	450.833	275.856
Uncollectible loans and receivables	276.140	73.736
Total	**947.737**	**751.509**

5.j Information on non-performing loans (net):

5.j.1 Information on loans and other receivables restructured from non-performing loans or linked to a new amortization schedule

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period			
Gross amounts before provisions	342.131	915.373	317.843
Rescheduled loans	342.131	915.373	317.843
Prior Period			
Gross amounts before provisions	126.864	767.987	35.653
Rescheduled loans	126.864	767.987	35.653

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Explanation on loans (continued)

5.j Information on non-performing loans (net) (continued)

5.j.2 Information on total non-performing loans (net):

Current Period	III. Group Loans With Limited Collectability	IV. Group Loans With Doubtful Collectability	V. Group Uncollectible Loans
Prior period end balance	**761.282**	**844.026**	**79.635**
Additions (+)	11.134	1	2
Transfers from other categories of non-performing loans (+)	-	43.839	376.026
Transfers to other categories of non-performing loans (-)	356.372	63.493	-
Collections (-)	78.868	182	32.630
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	5.239	136.843	559
Current period end balance	**342.415**	**961.034**	**423.592**
Provision (-)	220.764	450.833	276.140
Net Balances on Balance Sheet	**121.651**	**510.201**	**147.452**

Prior Period	III. Group Loans With Limited Collectability	IV. Group Loans With Doubtful Collectability	V. Group Uncollectible Loans
Prior period end balance	**457.905**	**594.045**	**50.924**
Additions (+)	412.925	28.236	11
Transfers from other categories of non-performing loans (+)	-	104.973	29.569
Transfers to other categories of non-performing loans (-)	104.973	29.569	-
Collections (-)	239	31.229	1.535
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	(4.336)	177.570	666
Current period end balance	**761.282**	**844.026**	**79.635**
Provision (-)	401.917	275.856	73.736
Net Balances on Balance Sheet	**359.365**	**568.170**	**5.899**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5 Explanation on loans (continued)

5.j Information on non-performing loans (net)(continued)

5.j.3 Information on foreign currency non-performing loans and other receivables:

	III. Group	**IV. Group**	**V. Group**
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period	279	942.165	33.692
Period End Balance	279	432.015	32.389
Provision (-)	**-**	**510.150**	**1.303**
Net Balance on Balance Sheet			
Prior Period			
Period End Balance	115.594	780.355	34.030
Provision (-)	58.505	244.959	32.316
Net Balance on Balance Sheet	**57.089**	**535.396**	**1.714**

5.j.4 Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	**IV. Group**	**V. Group**
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	342.415	961.033	423.593
Provision Amount (-)	220.764	450.833	276.140
Loans to Real Persons and Legal Entities (Net)	121.651	510.200	147.453
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-
	III. Group	**IV. Group**	**V. Group**
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	761.282	844.026	79.635
Provision Amount (-)	401.917	275.856	73.736
Loans to Real Persons and Legal Entities (Net)	359.365	568.170	5.899
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Explanation on loans (continued)

5.j Information on non-performing loans (net) (continued)

5.j.5 Information on interest accruals, rediscount, and valuation differences calculated for non-performing loans and their provisions:

	III.Group	IV.Group	V.Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	**4.686**	**71.447**	**160**
Interest Accruals and Rediscount with Valuation Differences	5.239	136.843	559
Provision amount (-)	553	65.396	399
Prior Period (Net)	**(877)**	**120.999**	**599**
Interest Accruals and Rediscount with Valuation Differences	(4.336)	177.570	666
Provision amount (-)	(3.459)	56.571	67

5.k Main principles of liquidating non-performing loans and receivables:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.l Explanations about the write-off policies from the assets:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

6. Information on financial assets measured at amortized cost

6.a The information was subjected to repurchase agreement and given as collateral/blocked amount of investments:

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	683.837	38.915	828.156	32.812
Subject to Repurchase Agreements	-	-	603.584	-
Total	**683.837**	**38.915**	**1.431.740**	**32.812**

6.b Information on government debt measured at amortized cost:

	Current Period	Prior Period
Government Bonds	3.165.467	3.083.059
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**3.165.467**	**3.083.059**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

6. Information on financial assets measured at amortized cost (continued)

6.c Information on financial investments measured at amortized cost:

	Current Period	Prior Period
Debt Securities		
Quoted on a Stock Exchange	2.742.749	2.719.902
Not Quoted	422.718	363.157
Impairment provision (-)	-	-
Total	**3.165.467**	**3.083.059**

6.d Movement of financial assets at amortized costs within the year :

	Current Period	Prior Period
Balance at Beginning of the Period	**3.083.059**	**2.585.160**
Foreign Currency Differences on Monetary Assets	80.865	64.029
Purchases During The Period	-	149.670
Disposals Through Sales And Redemptions	162.446	1.577
Impairment Loss	-	-
Interest Income Accruals	163.989	285.777
Balance at End of Period	**3.165.467**	**3.083.059**

Expected credit loss amounting to TL 5.028 is allocated in "Financial asset measured at amortized cost (31 December 2020: TL 3.195).

7. Information on associates (net)

7.a Information on associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş (İş Faktoring)	İstanbul/Türkiye	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	İstanbul/Türkiye	29,46	58,19
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	İstanbul/Türkiye	16,67	56,79
4	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	İstanbul/Türkiye	17,83	18,76
5	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	İzmir/Türkiye	10,05	20,10

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair Value
1	İş Faktoring	4.915.673	524.530	3.133	446.167	-	95.681	26.304	-
2	İş Finansal	15.055.089	1.903.610	20.529	459.431	-	250.910	136.869	602.260
3	İş Girişim	265.837	263.699	849	6.455	314	168	4.900	102.809
4	Terme (1)	8.056	5.127	1.543	-	-	(29)	(25)	-
5	Ege Tarım	18.986	17.791	8.203	-	-	1.109	1.635	-

(1) The information is obtained from financial statements as of 30 September 2021. The information of prior year profit/loss is obtained from 30 September 2020 financial statements.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

7. Information on associates (net) (continued)

7.b Movements of associates subject to unconsolidation (2):

	Current Period	Prior Period
Balance at the Beginning of the Period	**623.769**	**464.919**
Movements During the Period	61.403	158.850
Purchases	-	-
Bonus Shares Obtained	-	-
Current Year Share of Profit (1)	-	-
Sales	-	-
Revaluation Increase / decrease (2)	61.403	158.850
Provision for Impairment	-	-
Balance at the End of the Period	**685.172**	**623.769**
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(1)Includes accounting differences with the equity method.

(2)Non-financial investments in associates amounting to TL 1.788 are not included in the table (31 December 2020 : TL 2.124)

Information on associates sold in the current period

In the current period the Bank has not disposed any associates.

Information on associates purchased in the current period

In current period the Bank has not purchased any associates.

7.c Sectoral information of associates subject to unconsolidation and the related carrying amounts in the legal books:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	114.085	104.009
Leasing Companies	527.137	475.792
Financial Service Companies	-	-
Other Financial Associates	43.950	43.968

7.d Information on associates subject to consolidation quoted on stock market:

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	571.087	519.761
Associates quoted on foreign stock exchanges	-	-

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

8. Information on subsidiaries (net)

8.a Information related to equity component of subsidiaries:

Current Period (1)	**YF**	**TSKB GYO**
CORE CAPITAL		
Paid-in Capital	63.500	650.000
Share Premium	-	1.136
Legal Reserves	6.887	8.726
Other Comprehensive Income according to TAS	21.224	-
Current and Prior Years' Profit/Loss	131.276	(65.283)
Leasehold Improvements (-)	782	-
Intangible Assets (-)	537	25
Total Core Capital	**221.568**	**594.554**
Supplementary Capital	**-**	**-**
Capital	**-**	**-**
Net Available Capital	**221.568**	**594.554**

(1) *The information is obtained from financial statements subject to consolidation as of 30 September 2021.*

Prior Period (1)	**YF**	**TSKB GYO**
CORE CAPITAL		
Paid-in Capital	63.500	500.000
Share Premium	-	864
Legal Reserves	4.724	8.726
Other Conprehensive Income/Loss according to TAS	37.982	-
Current and Prior Years' Profit	70.935	(44.950)
Leasehold Improvements (-)	459	-
Intangible Assets (-)	723	28
Total Core Capital	**175.959**	**464.612**
Supplementary Capital	**-**	**-**
Capital	**-**	**-**
Net Available Capital	**175.959**	**464.612**

(1) The information is obtained from financial statements subject to consolidation as of 31 December 2020.

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry. Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items. Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves. Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the Article 519 of the Turkish Commercial Code numbered 6102. The Bank's internal capital adequacy assessment process is made annually on a consolidated basis. Consolidated associates and subsidiaries are included in the operation.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

8. Information on subsidiaries (net) (continued)

8.b As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated subsidiaries and reason of consolidating and needed capital if they are subject to capital requirement:

TSKB Gayrimenkul Değerleme A.Ş. and TSKB Sürdürülebilirlik Danışmanlığı A.Ş.are valued at cost and are not consolidated since they are not financial subsidiaries. Unconsolidated subsidiary of the Bank are not subject to minimum capital requirement.

8.c Information on subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	İstanbul /Türkiye	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YF)	İstanbul /Türkiye	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	İstanbul/Türkiye	89,15	89,26
4	TSKB Sürdürülebirlik Danışmanlığı A.Ş. (TSKB SD)	İstanbul/Türkiye	100,00	100,00

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	TSKB GMD	32.838	27.249	1.515	2.569	-	6.102	4.889	-
2	YF (1)	1.324.374	222.882	12.465	107.341	2.940	55.119	30.064	-
3	TSKB GYO (1)	753.983	594.578	223	2.005	-	(20.333)	(69.767)	1.645.568
4	TSKB SD	6.570	6.219	87	-	-	79	(1.091)	-

(1) The financial information of the consolidated subsidiaries are prepared in accordance with BRSA regulations.

8.d Movement schedule for subsidiaries subject to consolidation (2):

	Current Period	Prior Period
Balance at the beginning of the period	**581.897**	**378.504**
Movements in the period	159.243	203.393
Purchases (3)	133.469	185.542
Bonus shares obtained	-	-
Current year share of profit	-	-
Sales	-	-
Revaluation increase / decrease(1)	25.774	17.851
Provision for impairment	-	-
Balance at the end of the period	**741.140**	**581.897**
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(1)Includes accounting differences with the equity method.
(2) Non-financial subsidiaries amounting to TL 33.467 are not included in the table (31 December 2020: TL 25.031).
(3) After the capital increase amounting to TL 150.000.000 (full amount) by TSKB GYO A.Ş., the Bank acquired TSKB GYO A.Ş. shares amounting to 133.469 TL.

(31 December 2020: At the Board of Directors meeting dated 30 November 2018, the Bank decided to purchase up to 10 million TL nominal shares from TSKB GYO A.Ş. The shares were classified under the account of "Financial Assets at Profit and Loss." The purchased shares were transferred from the "Financial Assets at Fair Value through Profit and Loss" account to the "Subsidiaries" account in February 2020. Amounting to TL 200.000.000 (full) made by TSKB GYO A.Ş. After the capital increase of TSKB GYO A.Ş. amounting to TL 178.403, the Bank acquired shares of TSKB GYO A.Ş.).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

8. Information on subsidiaries (net) (continued)

Subsidiaries disposed in the current period

In the current period, the Bank has not disposed any subsidiaries.

Subsidiaries purchased in the current period

The Bank's shares on the TSKB Sürdürülebilirlik Danışmanlığı has increased 100% with the purchases of the shares of TSKB Sürdürülebilir Danışmanlık A.Ş. owned by its subsidiary Yatırım Finansman Menkul Değerler A.Ş. amounting to TL 930,4 and shares of TSKB Gayrimenkul Değerleme A.Ş. amounting to TL 2,4 TL and shares of TSKB Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı amounting to TL 7,2.

8.e Sectoral information on subsidiaries subject to consolidation and the related carrying amounts in the legal books:

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	741.140	581.897

8.f Subsidiaries subject to consolidation quoted on stock market:

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	527.661	412.229
Subsidiaries quoted on foreign stock exchanges	-	-

9. Information on entities under common control

The Bank has no entities under common control as of the reporting date (31 December 2020: None).

10. Information on lease receivables (net)

10.a Maturities of investments on leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	45.532	42.180	26.059	23.546
Between 1- 4 years	91.141	83.849	102.489	92.826
More than 4 years	117.355	101.718	103.933	89.354
Total	**254.028**	**227.747**	**232.481**	**205.726**

Expected credit loss amounting to TL 51.119 (31 December 2020: TL 22.825) is allocated in "Lease Receivables".

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

10. Information on lease receivables (net) (continued)

10.b The information on net investments in finance leases:

	Current Period	Prior Period
Gross investments in leases	**254.028**	**232.481**
Unearned revenue from leases (-)	26.281	26.755
Cancelled leases (-)	-	-
Net investments in leases	**227.747**	**205.726**

10.c Explanation with respect to finance lease agreements, the criteria used in determination of contingent rents, conditions for revisions or purchase options, updates of leasing amounts and the restrictions imposed by lease arrangements, whether arrays in repayment occur, whether the terms of the contract are renewed, if renewed, the renewal conditions, whether the renewal results any restrictions, and other important conditions of the leasing agreement:

Finance lease agreements are made in accordance with the related articles of Financial Leasing, Factoring and Financing Company Law No 6361. There are no restructuring or restrictions; which have material effect on financial statements.

11. Explanation on derivative financial assets held for hedging purposes

11.a Positive differences on derivative financial instruments held for hedging purposes:

There is a positive differences amounting to TL 155.022 related to derivative financial assets for hedging purposes (31 December 2020: 262.699 positive differences).

As of 30 September 2021, the net fair value of derivative financial instruments designated as hedging instruments carried in the contract amount and the balance sheet are summarized in the following table:

	Current Period			Prior Period		
	Face Value	**Asset**	**Liability**	**Face Value**	**Asset**	**Liability**
Interest Rate Swaps	12.899.412	155.022	-	15.214.012	262.699	-
FC	12.899.412	155.022	-	15.214.012	262.699	-
TL	-	-	-	-	-	-
Money Swaps	5.424.278	-	(35.681)	4.626.754	-	(154.049)
FC	5.424.278	-	(35.681)	4.626.754	-	(154.049)
TL	-	-	-	-	-	-

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

11. Explanation on derivative financial assets held for hedging purposes (continued)

11.a.1 Information on fair value hedge accounting

Current Period Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item(1)	Fair Value of Hedging Instrument(1)		Income Statement Effect (Profit/Loss Through Derivative Financial Instruments)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Rate Issued Eurobond and Greenbond	Interest Rate Risk	(118.614)	116.548	-	(2.066)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	(24.498)	23.809	-	(689)
Cross Money Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(62.607)	62.158	-	(449)

(1) The fair value of hedged item and hedging instrument are presented as net market value excluding credit risk and accumulated interest.

Prior Period Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item(1)	Fair Value of Hedging Instrument(1)		Income Statement Effect (Profit/Loss Through Derivative Financial Instruments)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Rate Issued Eurobond and Greenbond	Interest Rate Risk	(184.285)	181.026	-	(3.259)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	(41.043)	40.450	-	(593)
Cross Money Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(54.959)	54.947	-	(11)

(1) The fair value of hedged item and hedging instrument are presented as net market value excluding credit risk and accumulated interest.

12. Explanations on tangible assets

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

13 Information on intangible assets

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

14. Information on investment property

The Bank has no investment property (31 December 2020: None).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

15. Information on deferred tax assets

15.a Temporary differences, tax losses, exemptions and deductions reflected to balance sheet as deferred tax asset:

The Bank has computed deferred tax asset or liability on temporary differences arising from carrying values of assets and liabilities in the accompanying financial statements and their tax bases.

Deferred tax asset:	**Current Period**	**Prior Period**
Loan commissions accrual adjustment	23.116	22.687
Other provisions	359.379	234.627
Employee benefit provision	3.912	3.419
Marketable securities	32.600	28.888
Other	7.834	10.118
Total Deferred Tax Asset	**426.841**	**299.739**
Deferred tax liability:		
Valuation of derivative instruments		
Funds borrowed commissions accrual adjustment	(148.245)	(101.328)
Useful life difference of fixed assets	(19.381)	(16.122)
Other	(456)	(561)
Total Deferred Tax Liability	(7.328)	(6.307)
Net Deferred Tax Asset	**(175.410)**	**(124.318)**
	251.431	**175.421**

The other item, there is also a deferred asset related to hedge accounting amounting to TL 4.900 (31 December 2020: TL 8.209)

	Current Period	**Prior Period**
Deferred Tax as of 1 January Asset / (Liability) - Net	175.421	38.528
Deferred Tax (Loss) / Gain	52.454	148.763
Deferred Tax that is Realized Under Shareholder’s Equity (1)	23.556	(11.870)
Deferred Tax Asset / (Liability) Net	**251.431**	**175.421**

15.b Temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods, if so, their expiry date, losses and tax deductions and exceptions:

The Bank has no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods. (31 December 2020: None)

15.c Allowance for deferred tax and deferred tax assets from reversal of allowance:

As of the reporting date, the Bank has no allowance for deferred tax and deferred tax liability from reversal of allowance (31 December 2020: None).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

16. Explanation on assets held for sale

	Current Period	Prior Period
Net book Value at beginning of the period	64.403	64.403
Cash Paid for Purchase	-	-
Expected Loss (-)	-	-
Net book Value at the end of the period	**64.403**	**64.403**

Bank have reached an agreement on restructuring the debts of Ojer Telekomünikasyon A.Ş. (OTAŞ), the major shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) provided under the loan agreements. It was completed that 192.500.000.000 Class A shares owned by OTAŞ in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing loan facilities of OTAŞ, would be taken over by a special purpose vehicle incorporated or to be incorporated in the Republic of Turkey, owned directly or indirectly by the creditors. The Bank has participated in LYY Telekomünikasyon A.Ş. which was established within this context with 1,6172% stake and amounting to TL 64.403. The Bank considered the related investment within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operations" (31 December 2020: TL 64.403).

17. Information about other assets

17.a Other assets which exceed 10% of the balance sheet total and breakdown of these which constitute at least 20% of grand total:

Other assets do not exceed 10% of total assets, excluding off-balance sheet commitments (31 December 2020: Not exceed 10% of total assets).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a Maturity structure of deposits:

The Bank is not authorized to accept deposits.

1.b Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding the limit of deposit insurance fund:

The Bank is not authorized to accept deposits.

1.c Information on the scope whether the Bank with a foreign head office suits saving deposit insurance of the related country:

The Bank is not authorized to accept deposits.

1.d Saving deposits which are not under the guarantee of deposit insurance fund:

The Bank is not authorized to accept deposits.

2. Negative differences table related to derivative financial liabilities

	Current Period		Prior Period	
Derivative Financial Liabilities (1)	**TL**	**FC**	**TL**	**FC**
Forward Transactions	23.284	719	63.711	1.253
Swap Transactions	117.091	274.148	262.653	389.244
Futures Transactions	-	-	-	-
Options	-	1.401	-	4.070
Other	-	-	-	-
Total	**140.375**	**276.268**	**326.364**	**394.567**

(1) Derivative financial liabilities for hedging purposes amounting to TL 35.681 (31 December 2020:TL 154.049) were presented at "Derivative Financial Liabilities".

3. Information on banks and other financial institutions

3.a General Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	309.500	41.263	29.000	241.726
From Foreign Banks, Institutions and Funds	92.826	37.798.262	90.985	31.935.252
Total	**402.326**	**37.839.525**	**119.985**	**32.176.978**

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-term	309.500	44.635	29.000	200.816
Medium and long-term	92.826	37.794.890	90.985	31.976.162
Total	**402.326**	**37.839.525**	**119.985**	**32.176.978**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities (continued)

3. Information on banks and other financial institutions (continued)

3.c Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	-	9.746.550	-	7.701.750
Cost	-	9.696.781	-	7.657.597
Book Value	-	9.983.503	-	8.021.275

As of 16 January 2018, the Bank issued the debt instrument which have nominal value of full USD 350 Million, redemption date of 16 January 2023 with fixed interest rate of 5,608%, 5 years maturity and semiannual coupon payment.

As of 23 January 2020, the Bank issued Eurobond with the nominal amount of full USD 400 Million. Interest rate of these debt instruments determined as 6% which have the redemption date of 23 January 2025 with fixed interest rate, 5 years maturity and semiannual coupon payment.

As of 14 January 2021, the Bank issued Eurobond with the nominal amount of full USD 350 Million. Interest rate of these debt instruments determined as 5,875% which have the redemption date of 14 January 2026 with fixed interest rate, 5 years maturity and semiannual coupon payment.

3.d Additional information about the concentrated areas of liabilities:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Other liabilities which exceed 10% of the balance sheet total and the breakdown of these which constitute at least 20% of grand total

There are no other liabilities, which exceed 10% of the balance sheet total (31 December 2020: Not exceed 10% of the balance sheet).

5. Informations on financial lease obligations (net)

5.a Explanations on finance lease payables:

The Bank has no financial lease payables (31 December 2020: None).

5.b Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings, 1 branch, 8 cars and 356 computers are subject to operational leasing. The Bank has no liability for operational leases in the current period (31 December 2020: 2 head office buildings, 1 branch, 10 cars and 314 computers under operational leasing). In the current period, the Bank has lease liability with TFRS 16 amounting to TL 20.171 related to operational lease transactions (31 December 2020 : TL 26.425).

5.c Explanations on the lessor and lessee in sales and lease back transactions, agreement conditions, and major agreement terms:

The Bank has no sale and lease back transactions as of the reporting date (31 December 2020: None).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities (continued)

6. Negative differences on derivative financial instruments held for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (1)	-	35.681	-	154.049
Cash Flow Hedge	-	-	-	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	**-**	**35.681**	**-**	**154.049**

(1) Derivative financial liabilities for hedging purposes were presented at "Derivative Financial Liabilities" line.

7. Explanations on provisions

7.a Foreign exchange losses on the foreign currency indexed loans and finance lease receivables:

The Bank has no foreign exchange losses on the foreign currency indexed loans. (31 December 2020: None).

7.b The specific provisions provided for unindemnified non cash loans:

As of the reporting date, the Bank's specific provisions provided for unindemnified non cash loans amounts to TL 1.448 (31 December 2020: TL 1.220). The Bank has an expected loss provision amounting to TL 40.419 for non-cash loans (31 December 2020: TL 31.962).

7.c Information on other provision:

7.c.1 Provision for possible losses:

Free provision amounting to TL 400.000 provided by the Bank management in the current period for possible results of the circumstances which may arise from possible changes in the economy and market conditions (31 December 2020: TL 220.000).

7.c.2 Information on employee termination benefits and unused vacation accrual

The Bank has calculated reserve for employee termination benefits by using actuarial valuations as set out in the Turkish Accounting Standard No: 19 and reflected the calculated amount to the financial statements.

As of 30 September 2021, employee termination benefits is amounting TL 13.609 reflected in financial statements (31 December 2020: TL 13.406). As of 30 September 2021, the Bank has provided a reserve for unused vacation amounting to TL 4.763 (31 December 2020: TL 3.690). This balance is classified under reserve for employee benefits in the financial statements.

Liabilities on pension rights

As explained on the Section Three, Accounting Policies, XVI. Explanations on Liabilities Regarding Employee Benefits as of 30 September 2021, the Bank has no obligations on pension rights (31 December 2020: None).

Liabilities for pension funds established in accordance with Social Security Institution

None (31 December 2020:None).

Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees

The Bank's present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of 31 December 2020 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 18 January 2021, there is no need for technical or actual deficit to book provision as of 31 December 2020.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities (continued)

7. Explanations on provisions (continued)

Accordingly, as of 30 September 2021 the Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Section 3 Note 16, the accounting policies related with employee benefits.

7.c.3 If other provisions exceed 10% of total provisions, the name and amount of sub-accounts:

None.

8. Explanations on taxes payable

8.a Explanations on current taxes payable:

8.a.1 Explanations on taxes payable:

Corporate Taxes and Deferred Taxes	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Tax Payable	145.042	-	135.147	-
Deferred Tax Liability	-	-	-	-
Total	**145.042**	**-**	**135.147**	**-**

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	145.042	135.147
Taxation of Securities	709	1.557
Property Tax	-	-
Banking and Insurance Transaction Tax (BITT)	6.362	8.201
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	293	581
Other	2.803	2.344
Total	**155.209**	**147.830**

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	65	54
Unemployment insurance-Employer	128	107
Other	-	-
Total	**193**	**161**

8.b Information on deferred taxes liabilities:

As at the reporting date, the Bank has no deferred tax liability (31 December 2020: None).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities (continued)

9. Explanations on liabilities regarding assets held for sale

None (31 December 2020: None).

10. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

11. Explanations on shareholders' equity

11.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	2.800.000	2.800.000
Preferred stock	-	-

11.b Paid-in capital amount, explanation as to whether the registered share capital system ceiling is applicable at bank, if so, amount of registered share capital:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2.800.000	4.500.000

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

In line with the decision taken at the Ordinary General Assembly held on 25 March 2021, the Bank does not have any capital increase during the current period.

In line with the decision taken at the Ordinary General Assembly held on 26 March 2020, the Bank does not have any capital increase during the current period. In accordance with the resolution of the General Assembly, it was decided to transfer 2019 profit to the reserves.

11.d Information on share capital increases from capital reserves:

None (31 December 2020: None).

11.e Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments for its associates in the last fiscal year and at the end of the following period.

11.f Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The prior period income, profitability and liquidity of the Bank and their trends in the successive periods are followed by Budget Planning Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under various scenario analyses.

The Bank operations are profitable, and the Bank retains the major part of its profit capital reserves within the shareholders equity.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities (continued)

11. Explanations on shareholders' equity (continued)

11.g Information on preferred shares:

The Bank has no preferred shares (31 December 2020: None).

11.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	**112.300**	**-**	**147.014**	**-**
Financial Assets at Fair Value Through Profit or Loss	**26.624**	**29.807**	**26.535**	**123.093**
Valuation Differences	(25.336)	29.807	(13.317)	123.093
Foreign Exchange Difference	51.960	-	39.852	-
Total	**138.924**	**29.807**	**173.549**	**123.093**

11.i Informations on legal reserves:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

11.j Informations on extraordinary reserves:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and disclosures related to the off-balance sheet items

1. Explanation on off-balance sheet liabilities

1.a Types and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Forward Purchase and Sales of Assets	187.272	100.091
Commitments for Stock Brokerage Purchase and Sales	160.411	71.665
Commitments for Letter of Credit	70.172	43.380
Capital commitments for subsidiaries and associates (1)	114.138	127.172
Other	382.460	336.108
Total	**914.453**	**678.416**

(1) The Bank, the European Investment Fund (European Investment Fund - EIF), to be established by Turkey, Growth and Innovation Fund (Turkish Growth and Innovation Fund - TGIF) purchase of shares of the fund established under the name situated remaining amount that commitment and capital participation commitment regarding the cash capital increase of TSKB Sürdürülebilirlik A.Ş.

1.b Possible losses and commitments related to off-balance sheet items including items listed below:

1.b.1 Non-cash loans including guarantees, surety and acceptances, financial collaterals and other letters of credits:

As of the reporting date, total letters of credit, surety and acceptances amount to TL 3.651.267 (31 December 2020: TL 2.852.676).

1.b.2 Certain guarantees, tentative guarantees, surety ships and similar transactions:

As of the reporting date, total letters of guarantee given by the Bank is TL 2.100.139 (31 December 2020: TL 2.086.164).

1.c.1 Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	1.285.671	1.322.994
With maturity of one year or less than one year	88.235	175.971
With maturity of more than one year	1.197.436	1.147.023
Other non-cash loans	4.465.735	3.615.846
Total	**5.751.406**	**4.938.840**

1.c.2 Information on sectoral risk concentration of non cash loans:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

1.c.3 Information on non cash loans classified under Group I and Group II:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

2. Explanation related to derivative financial instruments

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

3. Explanations on loan derivatives and risk exposures

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and disclosures related to the off-balance sheet items (continued)

4. Explanations on contingent liabilities and assets

There are 26 legal cases against the Bank which are amounting to TL 648 as of the reporting date (31 December 2020: TL 2.159 - 41 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Bank and employees to "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" (Foundation) established in accordance with the decisions of Turkish Commercial Law and Civil Law as made to all Foundations in the sector. According to this investigation it has been communicated that the amount Bank is obliged to pay is a benefit in the nature of fee for the members of Foundation worked at the time of payment, the amount Foundation members are obliged to pay should not been deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge / penalized stump duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Bank relying on this report.

The Bank assesses that the Bank's practice is in compliance with the legislation and there is no legal basis for the tax administration's suspended assessments, therefore, lawsuits have been filed against the subjected assessments in various tax courts in İstanbul, Ankara and İzmir. Some of the lawsuits are decided favourable, remaining of lawsuits are decided unfavourable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Bank against the decision of the Court with respect to the Bank and by the administration against the decision of the Court with respect to the administration and completion of appeal process is waited. The tax and penalty notices related to the decision of the tax court of first instance against the Bank are accrued by administration depending on legal process and as of 31 July 2014 the Bank has made total payments amounting to TL 22.091.

A similar case has been submitted to the Constitutional Court in the form of individual remedies by the main shareholder of the Bank in relation to the Bank's liabilites to pay, the Constitutional Court gave the decision with court file number 2014/6192. According to court decision published in the Official Gazette dated 21 February 2015 and numbered 29274, the assessments against the Bank was contrary to the principle of legality and the Bank's property rights has been violated. This decision is considered to be a precedent for the Bank and an amount of TL 12.750 corresponding to the portion that the Bank was obliged to pay for the related period is recognized as income in the prior period.,

According to Legal Department of the Bank, it is not expected that the other lawsuits against the Bank will have a significant impact on the financial statements.

5. Custodian and intermediary services:

The Bank provides trading and safe keeping services in the name and account of real persons, legal entities, funds, pension funds and other entities, which are presented in the statement of contingencies and commitments.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Interest on loans (1)				
Short term loans	160.975	135.316	65.957	93.875
Medium and long term loans	252.724	1.439.436	250.322	1.310.766
Interest on non-performing loans	12.054	25.488	24.039	31.510
Premiums received from resource utilization support fund	-	-		
Total	**425.753**	**1.600.240**	**340.318**	**1.436.151**

(1) Commission income from loans has been included to the interest on loans.

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
The Central Bank of Turkey (1)	696	-	32	-
Domestic banks	4.477	830	6.778	3.200
Foreign banks	-	781	1.039	3.891
Branches and head office abroad	-	-	-	-
7.849	**5.173**	**1.611**	**7.849**	**7.091**

(1) Interests given to the Turkish Lira and US Dollar portion of the CBRT Required Reserves, reserve options and unrestricted accounts have been presented under "The Central Bank of Turkey" line in the financial statements.

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Financial Assets at Fair Value Through Profit and Loss	-	-	5	-
Financial Assets at Fair Value Through Other Comprehensive Income	233.254	124.918	206.662	121.204
Financial Assets Measured at Amortized Cost	384.244	8.657	255.121	6.178
Total	**617.498**	**133.575**	**461.788**	**127.382**

As indicated in accounting policies, the bank evaluate its Consumer Price Indexed (CPI) goverment bonds which are in securities portfolio of the Bank base on reference index at date of issue and estimated CPI's. The estimated CPI's is updated when it seems necessary. As of 30 September 2021, the valuation of these securities is based on 18,5% annual inflation forecast.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement (continued)

1. Information on interest income (continued)

1.d Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	25.772	15.712

2. Information on interest expenses

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	28.827	117.624	15.909	97.750
The Central Bank of Turkey	-	-	-	-
Domestic banks	13.533	924	6.461	5.018
Foreign banks	15.294	116.700	9.448	92.732
Branches and head office abroad	-	-	-	-
Other financial institutions	-	269.547	1.455	341.149
Total (1)	**28.827**	**387.171**	**17.364**	**438.899**

(1) Commissions given to Banks and Other Institutions have been included to interest expense on funds borrowed.

2.b Information on interest expense to associates and subsidiaries:

The Bank has no interest expense to its associates and subsidiaries (30 September 2020: None).

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued (1)	-	628.272	-	492.349

(1) Commissions given to issuance have been included to interest expense.

3. Information on dividend income

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Information on net trading income (net)

	Current Period	Prior Period
Profit	**2.534.674**	**3.595.757**
Gains on capital market operations	8.844	5.660
Gains on derivative financial instruments (1)	1.807.586	2.846.844
Foreign exchange gains	718.244	743.253
Losses (-)	**(2.587.940)**	**(3.474.664)**
Losses on capital market operations	(2.043)	(2.051)
Losses on derivative financial instruments (1)	(1.330.127)	(2.406.376)
Foreign exchange losses	(1.255.770)	(1.066.237)

(1) Foreign exchange gain from derivative transactions amounting to TL 1.019.035 is presented in "Gains on derivative financial instruments" (30 September 2020: TL 1.430.817), foreign exchange loss from derivative transactions amounting to TL (679.711) is presented in "Losses on derivative financial instruments" (30 September 2020: TL (1.046.515)).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement (continued)

5. Explanation related to other operating income

	Current Period	Prior Period
Provisions Released	42.730	316
Gains on Sale of Assets	666	75
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	-	-
From Property Sales	497	75
From Other Asset Sales	169	-
Other	3.226	2.602
Total	**46.622**	**2.993**

6. Expected credit loss of the Bank

	Current Period	Prior Period
Expected Credit Loss	613.373	689.420
12 Months Expected Credit Loss (Stage 1)	134.266	230.160
Significant Increase in Credit Risk (Stage 2)	239.097	273.178
Non-performing Loans (Stage 3)	240.010	186.082
Marketable Securities Impairment Expenses	101.305	137.994
Financial Assets at Fair Value Through Profit or Loss	96.202	109.597
Financial Assets at Fair Value Through Other Comprehensive Income	5.103	28.397
Associates, Subsidiaries, and Entities under Common Control (Joint Venture) Value Decrease	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other	180.000	-
Total	**894.678**	**827.414**

(1) As of the reporting date the free provision expense for possible losses amounting to TL 180.000 has ben incurred (30 September 2020: None).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement (continued)

7. Information related to other operating expenses

	Current Period	Prior Period
Reserve for employee termination benefits	202	359
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	11.509	12.006
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	1.733	1.535
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	-	-
Depreciation expenses of assets for resale	-	-
Impairment expenses of assets held for sale	-	-
Other operating expenses	25.022	21.329
Leasing Expenses on TFRS 16 Exceptions	1.407	884
Maintenance expenses	708	558
Advertisement expenses	553	532
Other expenses	22.354	19.355
Loss on sale of assets	-	-
Other (1)	22.835	20.015
Total	**61.301**	**55.244**

(1) It contains tax and duties paid expenses excluding corporate tax amounting to TL 5.486, vacation liability expenses amounting to TL 1.073(30 September 2020: It contains tax and duties paid expenses excluding corporate tax amounting to TL 4.551 and vacation liability expenses amounting to TL 1.088).

8. Information on tax provision for continued and discontinued operations

8.a Information on current tax charge or benefit and deferred tax charge or benefit:

The Bank has amounting to TL 298.397 current tax charge for the period (30 September 2020: TL 228.084 charge). Deferred tax income is TL 52.454 (30 September 2020: TL 80.711 deferred tax income).

8.b Information related to deferred tax benefit or charge on temporary differences:

Deferred tax income calculated on temporary differences is TL 52.454 (30 September 2020: TL 80.711 deferred tax income).

8.c Information related to deferred tax benefit / charge on temporary differences, losses, tax deductions and exceptions:

There is no deferred tax income or expense reflected in the income statement in terms of financial losses and tax deductions and exceptions (30 September 2020 : None).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement (continued)

9. Explanations on net profit/loss from continued and discontinued operations

As of 30 September 2021, the Bank's profit before tax has increased by 47,17% compared to the prior period.

10. Information on net profit/loss

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

The Bank has generated TL 3.012.300 of interest income, TL 1.086.489 of interest expenses and TL 50.871 of net fee and commission income from banking operations (30 September 2020: TL 2.445.887 interest income, TL 970.534 interest expense, TL 38.581 net fee and commission income).

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

There has no change in the accounting estimates and accordingly effect on the financial statement items.

10.c Minority share of profit and loss:

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (30 September 2020: None).

11. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

None other than other operating expense explained in Note IV.7, exceeds 10% of the income statement.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations on the risk group of the Bank

1. Information on the volume of transactions related to the Bank's own risk group, outstanding loan and deposit transactions and income and expenses of the period

1.a Current Period:

Risk Group of the Bank	Subsidiaries, Associates and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Legal and Real Persons in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	729.154	515	294.689	-	24.747	-
Balance at End of Period	838.868	55.185	356.443	-	19.001	-
Interest and Commission Income	25.768	4	8.689	-	714	-

(1)As of 30 September 2021, the Bank, holds securities with a book value of TL 30.556 issued by Yatırım Varlık Kiralama A.Ş. one of the Group companies (31 December 2020: TL 27.246).

1.b Prior Period:

Risk Group of the Bank	Subsidiaries, Associates and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Legal and Real Persons in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	545.560	27.938	118.394	-	39.529	-
Balance at End of Period	729.154	515	294.689	-	24.747	-
Interest and Commission Income (1)	15.569	143	8.234	-	1.558	-

(1) Represents for the period of 30 September 2020.

1.c Information on deposit held by Bank's own risk group:

The Bank is not authorized to accept deposits.

2. Information on forward, option and other similar agreements made with Bank's own risk group

Risk Group of the Bank	Subsidiaries, Associates and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Fair Value Through Profit or Loss Transactions						
Beginning of the Period	15.247	-	-	-	-	-
End of the Period	138.510	15.247	-	-	-	-
Total Profit / Loss (1)	(101)	(31.192)	-	-	-	(915)
Hedging Risk Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(1) Includes period of 30 September 2020.

3. Total salaries and similar benefits provided to the key management personnel

Benefits provided to the key management personnel in the current period amount to TL 13.493 (30 September 2020: TL 12.994).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations related to the events after the reporting date

Loans with a principal balance of TL 111.242.452 (full amount) used by TSKB GYO A.Ş. from the Bank and TL 36.819.962 (full amount) used from Türkiye İş Bankası A.Ş. 1 October 2021 closed as of the date.

SECTION SIX

AUDITORS' LIMITED REVIEW REPORT

I. Explanations on the auditors' limited review report

The unconsolidated financial statements for the period ended 30 September 2021 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited) and Auditors' Report dated 1 November 2021 is presented in the introduction of this report.

II. Explanations and notes prepared by independent auditors

There are no other explanations and notes not expressed in sections above related with the Bank's operations.

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities

GENERAL INFORMATION

Board of Directors

Name and Surname	Position	Term	Independent Member	Committees and Roles
Adnan Bali	Chairman	2021-2024	No	-
Mahmut Magemizoğlu	Vice Chairman	2021-2024	Yes*	Chair of Audit Committee, Member of Credit Revision Committee
Ece Börü	Board Member	2021-2024	No	Member of Credit Revision Committee, Member of Sustainability Committee
Bahattin Özarslantürk	Board Member	2021-2024	No	Member of Credit Revision Committee
Mithat Rende	Board Member	2021-2024	Yes	Member of Sustainability Committee
Zeynep Hansu Uçar	Board Member	2021-2024	No	Member of Corporate Governance Committee, Member of Remuneration Committee, Member of Sustainability Committee
Ozan Uyar	Board Member	2021-2024	No	Member of Credit Revision Committee, Member of Sustainability Committee
Abdi Serdar Üstünsalih	Board Member	2021-2024	No	-
Gamze Yalçın	Board Member	2021-2024	Yes*	Member of Audit Committee, Chair of Corporate Governance Committee, Chair of Remuneration Committee
Hüseyin Yalçın	Board Member	2021-2024	No	-
Cengiz Yavilioğlu	Board Member	2021-2024	No	-

** Considered as an independent member pursuant to the Corporate Governance Communique by the CMB for being a Member of the Audit Committee*

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

Changes in Board of Directors during the period

There has been no change in the Bank's Board of Directors within third quarter.

Information on the Bank's Board Meetings

The Board of Directors issued 31 decisions in the period between January 1, 2021 - September 30, 2021. Board Members attended the meetings at a satisfactory level.

Senior Management and Directors

Name and Surname	Position
Ece Börü	CEO
Hakan Aygen	Executive Vice President - Corporate Finance, Specialized Loans, Loan Analysis, Loans Allocation
A. Ferit Eraslan	Executive Vice President – Financial Control, Budget Planning, Corporate Compliance
Aslı Zerrin Hancı	Executive Vice President - Treasury, Treasury & Capital Markets Operations, Loan Operations, Corporate Communication
Hasan Hepkaya	Executive Vice President - Corporate Banking Marketing, Corporate Banking Sales, Project Finance, Economic Research, Financial Advisory
Meral Murathan	Executive Vice President - Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, Engineering and Technical Advisory
Engin Topaloğlu	Executive Vice President – Risk Management, Board of Internal Auditors, Internal Control
Poyraz Koğacıoğlu	Director – Corporate Finance
Özlem Bağdatlı	Director – Human Resources, Legal Affairs, Retirement and Supplementary Foundations
Bilinç Tanağardı	Director – Application Development, System Support and Operation, Enterprise Architecture and Process Management

Changes in Senior Management and Directors

As of August 1, 2021, Mr. Engin Topaloğlu appointed as Executive Vice President responsible from Risk Management, Board of Internal Auditors and Internal Control. The resume of Mr. Topaloğlu is as follows:

Engin Topaloğlu

Engin Topaloğlu was born in Pazar/Rize in 1971. He holds BS and MS degrees in Industrial Engineering from Bilkent University, and PhD degree in Finance and Banking from Kadir Has University. Working as a research assistant at Bilkent University between 1993 and 1995, Engin Topaloğlu started working in the finance sector as a member of the Board of Inspectors at İşbank. Serving as an Assistant Manager and Group Manager in the Budget and Planning Department of this institution between 2004 - 2008, Engin Topaloğlu was appointed as the Head of the Corporate Architecture Department in 2008, the Manager of Gebze Branch in 2011, the Head of Retail Banking Marketing Department in 2015 and the Manager of London Branch in 2016.

He served as a member of the board of directors at İş Yatırım Menkul Değerler A.Ş., İşNet Telekomünikasyon A.Ş., Erişim Müşteri Hizmetleri A.Ş., the Turkish-British Chamber of Commerce and Industry, and as vice chairman of the board of directors at Anadolu Hayat Emeklilik A.Ş. Working as the Executive Vice President for Inspection, Risk Management and Internal Control at the Industrial Development Bank of Turkey since August 2021, Engin Topaloğlu holds the Chartered Finance Analyst certificate issued by the CFA Institute.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

ASSESSMENTS OF THE CHAIRMAN OF THE BOARD FOR THE PERIOD

In 2021, we have entered a new era where we start to observe economic recovery in our country and worldwide, with regard to the challenge against pandemics, particularly considering the increasing vaccination rates. Despite positive recovery signals, uncertainties in economies have not been fully disappeared. Our country is quite efficient in the global recovery process, with our banking industry having a healthy, strong and resilient balance sheet structure, and the effective measures taken by the during pandemics. We believe that we will complete the year 2021 in a solid manner, with our almost-record growth rate and increasing export volumes. In this context, together with all our stakeholders, we continue to strive to support the development of our country, through our sustainable and inclusive growth vision.

Banking industry will continue to utilize the capital accumulation for our country's economic growth, effectively using all capitals. As a result of improvements in asset quality, we expect the industry to maintain its support to the economy in the final quarter of the year.

Our Bank has maintained its support to sustainable development of our country, with its strong results for the first nine months of the year. Particularly, we aim at maintaining our support to sustainable and green investments and high added-value projects, with both our lending and advisory activities, in the final quarter of the year, to complete the year with strong performance as expected.
Yours sincerely,

Chairman of the Board
Adnan Bali

ASSESSMENTS OF THE CHIEF EXECUTIVE OFFICER FOR THE PERIOD

The Paris Climate Agreement, signed in 2016, has been ratified by the Republic of Turkey National Assembly after six years, would launch a new climate policy in Turkey. TSKB has published its Climate Risks Report in May, sharing its roadmap against climate change, and medium- and long-term targets, with its stakeholders, continues to work on climate risks in line with its strategy. Considering the potential effects of the European Green Deal announced by the European Commission, on Turkey which has strong commercial relationships with the EU, our Bank aims at supporting its customers directly and indirectly, in the transition period.

Our Bank continues with its activities towards creating a responsible and sustainable investment culture, which has a positive social impact, in Turkey, and monitors its impact of its loan portfolio and diversifies its products with an innovative approach, within the scope of SDG Mapping Project completed last year. In this context, our Bank has made an SDG-linked working capital loan available to Borusan Mannesmann in the third quarter. It is expected to contribute directly to SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation and Infrastructure) with the positive environmental and social impact created under the SDG-oriented lending program.

Our Bank has taken its support to sustainable development beyond its business model, becoming the first bank that has started forestation through seed shooting from air, in cooperation with the ecording, social initiative. Within the scope of this cooperation with ecording, which develops sustainable and innovative environment technologies, TSKB targets to shoot a total of 150 thousand seed balls in the name of its loan customer firms, at places designated by the Directorate General of Forestry. Thus, our Bank plans to increase its support to social initiatives while contributing to sustainable and low-carbon economy in Turkey.

TSKB's divergent performance in environmental, social and governance (ESG) areas is registered with its score from reputable ratings institutions. In the third quarter, our Bank has successfully completed ESG and corporate governance rating processes, with improvement in both rating scores. With 13,6 ESG risk score assigned by Sustainalytics, TSKB remains the leader among global banks in its category, ranking 6th place and in 2nd percentile.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

ASSESSMENTS OF THE CHIEF EXECUTIVE OFFICER FOR THE PERIOD (continued)

As a result of our strong activities in the firsts nine months of 2021, our Bank's total assets reached to TL 60,1 billion, while our total loan portfolio, implying our direct contribution to real economy, is TL 45,6 billion. Renewable energy, inclusiveness and capacity increase investments stand out within the approximately USD 850 million of new long-term lending in total by our Bank in the first nine months.

We have earned profit of TL 1,9 billion before provisions and taxes in the first nine months of 2021, while our net profit for the same period is TL 774,3 million TL. Our shareholders' equity has reached TL 6,7 billion TL.

With our dynamic business model in the face of changing conditions, we will continue to consider our stakeholders' priorities, create solutions that pay attention to the impacts, and to support our country's sustainable development, with our strengthening financial and non-financial capitals.

Yours sincerely,
Chief Executive Officer
Ece Börü

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD

Economic Developments in the first 9 Months of 2021

In the third quarter of 2021, COVID-19 pandemics had a fluctuating course, with delta variant cases worldwide, with countries diverging according to the pace of vaccination and size of restrictions. Divergence among countries with regard to pandemics was also reflected on economic performance, and the disruptions in supply chain pose downward risks in the short term, and a periodic and modest slowdown is seen in the world economy. In medium term, it is expected that the retardant effects on economic activity remain limited, thanks to continued vaccination, while management of the pandemics is still important for the global outlook.

Recent data, and assessments by international organizations, confirm the height of global economic uncertainties. While IMF cut its short-term growth estimates for the world, it has raised inflation expectations, in its Worldwide Economic Outlook (WEO) October 2021 Report. Although the IMF mentions in the Report that the world economy continues to recover, it has highlighted that the momentum is weakening due to pandemics. IMF foresees that the world economy will grow in 2021 by 5,9%, 0,1% lower than its previous estimate, while keeping its 2022 growth estimate unchanged at 4,9%. IMF highlights the role of supply constraints and the rise in commodity prices, in the increase in inflation rates, reminding that, while wage increases are high in some sectors, inflation expectations are under control in many countries. It is estimated that the inflation in developed economies would be at 2,8% in 2021, 0,4% higher than its estimate in July; and at 2,3% in 2022. IMF estimates that the inflation in emerging economies in 2021 would be at 5,5%, 0,6% higher than its previous estimate, and that the retracement in inflation in emerging economies in 2022 would be rather limited, due to the volatility in food prices and the rise in currency rates. It is foreseen that inflation in emerging economies in 2022 would be 4,9%, 0,2% higher than its estimate in July.

While vaccination is in progress in Turkey, COVID-19 case numbers remain high. Second quarter growth data suggest a strong performance, with limited slowdown in domestic demand and the resilience in foreign demand. In the second quarter of 2021, adjusted gross domestic product (GDP) grew by 0,9% compared to previous period. Adjusted annual growth rate is 21,9%, while unadjusted data is 21,7%. Total GDP for the four quarters has risen from USD 729,2 billion in the first quarter of 2021 to USD 765,1 billion.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

II. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (Continued)

Economic Developments in the first 9 Months of 2021 (Continued)

In terms of expenditures, highest contribution in growth was from private consumption, with all non-financial activities showing growth annually.

Indicators for the third quarter of 2021 show that the slowdown in the economy is limited. Industrial production has grown by 1,3% August after a drop of 3.4% in July. In the same period, retail sales have fallen by 1,2% and 0,3% respectively. On the other hand, revenue indices shrank by 1,5% in July, but rose by 4,0% in August. In line with these trends, labour market has shown a mixed course. Seasonally-adjusted data show that, general unemployment rate has rose from 10,7% in the second quarter of 2021 to 12,1%, and then remained flat. Broad-based unemployment indicators have increased in July, and then retraced in August. However, manufacturing industry purchasing managers index (PMI), capacity utilization rate, confidence indices, and banking industry lending volume in September and first half of October confirm that the weakening in domestic demand is limited, and foreign demand continues to support economic activity.

Gradual improvement has continued in budgetary dynamics in the third quarter. While income increased by 31,3% annually in the third quarter, annual increase in expenditures was 27,2%. Thus, the budget, which had a deficit of TL 31,1 billion in the third quarter of 2020, has shown a deficit of TL 28,6 billion in the same period of 2021. Non-Interest surplus has risen from TL 5,4 billion to TL 22,8 billion in the same period.

While increase in tax revenues lost some momentum in the third quarter, the strong increase in non-tax income has supported total income. However, government savings trend in expenses has contributed to the recovery in budget balance, while the increase in interest expenses has restricted the improvement in budget performance. With these results, income in the first nine months have increased 35,8% annually, while the increase in expenditures in the same period was 20,9%.

Thus, the budget deficit, which was TL 140,6 billion in January-September 2020 period, has dropped to TL 61,1 billion in the same period of 2021; while the non-interest deficit of TL 32,8 billion in the first half of previous year has turned to TL 81,2 billion surplus.

Despite the rise in international energy prices and the limited slowdown in domestic demand, resilient external demand in manufacturing industry balance the risks on current deficit. According to the Ministry of Trade's data and TÜİK data, exports in third quarter of 2021 has risen by 29,4% compared to the same period of 2020, while the increase in import was limited to 17,3%. Thus, foreign trade deficit has shrunk by 20,0%. However, with recovery in service revenues, particularly tourism, current balance has improved gradually. 12-months total current deficit, which was USD 28,6 billion as of June 2021, has fallen to USD 23,0 billion in August, while the core current surplus excluding gold and energy has risen from USD 15,8 billion to USD 19,1 billion.

In the third quarter of 2021, inflation has continued to rise, with the effect of accumulated costs triggered by global commodity prices, and high increases in food prices. general consumer prices index (CPI) inflation, which was 17,5% in June 2021, has risen gradually to 19,6% annually in September. In the same period, core inflation indicators show a mixed course. Annual core inflation (C index) has decreased from 17,5% in June to 17,2% and 16,8% in July and August respectively, and to 17,0% in September. The course of global energy prices, along with price adjustments in public sector, as well as accumulated costs, exchange rate volatility and expectations maintain the upward risks in inflation outlook.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

III. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (Continued)

Economic Developments in the first 9 Months of 2021 (Continued)

Due to upward risks in inflationary outlook, the CBRT has kept its policy interest rate unchanged at 19.0% in July and August, and cut by 100 basis points in September. In addition, the CBRT has mentioned that the increases in food and energy prices, supply disruptions, increases in managed/guided prices, and demand linked to unwinding of restrictions have been effective on the increase in inflation rate. Having considered that the increase in inflation is caused from outside the domain of monetary policy, the CBRT highlighted slowing effects of monetary stance on the loans and domestic demand. However, at its October meeting, the CBRT has cut its weekly repo interest rate from 18,0% by 200 basis points to 16,0%. Stating that consumer loans are moderating, thanks to the strengthening within the framework of macro prudential policy, the CBRT has underscored that there is limited room for downward adjustment in the policy interest rates, in the remainder of the year, due to temporary factors in supply side. In addition, in order to restrict climate- and other environmental-risks, the CBRT has decided to support sustainable financial practices as a long-term policy, without any change in its primary monetary policy targets. The CBRT has also changed the reserve requirements in the third quarter, to strengthen the transmission mechanism. In this context, availability of placing TL reserve requirements in foreign currency has been terminated, effective from the October 1st, facility period. Also, foreign currency reserve requirement ratios have been increased by 200 basis points, in both July and August resolutions. In July, it has also been resolved that the banks which reduce the share of foreign currency in their deposits be exempted from reserve requirements for the part which shift from foreign currency to TL, and additional interest/yield be applied to those which increase the share of TL. In addition, the CBRT has revised the utilization and repayment terms of rediscount credits for exports and foreign-currency-earning services, effective from 1 October 2021.

Markets

In the third quarter of 2021, risk appetite in global financial markets has remained positively until mid-August. While continued vaccination efforts limit the economic effects of pandemics, the recovery in progress in the economy have supported risky assets. In addition, optimism was supported, as the central banks of developed countries have maintained supportive stance in this period, and US Federal Reserve (FED) has given the message that it may retain low interest rate environment for a long time, although the tapering may commence before year-end. However, risk appetite was limited, as the inflation data exceeded expectations in the second half of August and in September, as well as the concerns about Chinese economy. The data disclosed in September suggest that the economic activity in China slowed down beyond expectations, and the reports that the second largest property development company of the country is having difficulty in fulfilling its liabilities, have weakened the risk appetite. However, while global inflation remains high, rising energy prices have increased upward risks. In this environment, slowing growth and speeding-up inflation, i.e. stagflation concerns, have caused flight from risk. On the other hand, quest for a new balance in energy markets in the first half of October, and better-than-expected corporate balance sheets, have caused partial recovery of risk appetite.

In such an environment, Turkish financial assets have fluctuated in line with global trends. Borsa Istanbul 100 index rose by 3,7%, while the benchmark 30 index rose by 2,9% in the third quarter. In the same period, the rise in banking industry index was 4,1%. Currency exchange rates diverged, where USD/TL rate has risen by 1,6% compared to end-June 2021, while Euro/TL has decreased by 0,5%. In the same period, compound interest of 2-years benchmark bond has fallen from 18,4% to 18,2%.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

IV. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (Continued)

Economic Developments in the first 9 Months of 2021 (Continued)

Banking Industry

In the first nine months of 2021, total loans allocated by banking industry have increased by nominal 12.6% in TL, and FX-adjusted 7% in currency basket. According to BRSA data, Turkish Lira (TL) loans of the banking industry in this period has increased by 9,8%, while foreign currency (FX) loans increased by 2%. TL corporate loans have increased by 8.4%, while consumer loans have increased by 12.5%. Total annual rate of increase in loans, which was 23% at the end of 2020, has slowed down to 8.8% as end of September. TL loans of the banking industry have increased by 2,4-2.6% in the first two quarters, and by 4,5% in the third quarter. With the speeding up of vaccination against Covid-19 virus, and unwinding of lockdown and other restrictions, loan demand has increased in the third quarter, and almost half of the increase in TL loan in the first nine months of 2021 have been experienced in the third quarter, both in corporate loans and individual loans. During this period, the Banking Regulation and Supervision Board (BRSA) has introduced term limitation to consumer loans, and regulated the exemptions which are exclusive to pandemics. Accordingly, it has been resolved to reduce the term for loans within a loan amount above fifty thousand Turkish Liras, from thirty-six months to twenty-four months.

Non-performing loans ratio in the banking industry is 3,6% as of end-September, while the non-performing loans have nominally decreased by 1,6% in the first nine months of 2021. A net drop is observed in non-performing loans, both with the contribution of writing-off and sale of loans, and the growth in loans which were transferred to non-performing loans in previous periods. While the decrease in non-performing loans is due to the drop in non-performing corporate loans, non-performing consumer loans are increasing by 25% since the beginning of the year. Non-performing corporate loans ratio is 4% while the non-performing consumer loans ratio is 2,9%. BRSA has ended its temporary arrangement, announced in March 2020, regarding non-performing loans, as of end-September 2021. As it has been decided that the banks maintain the practice for loans which are overdue by more than 91 days but no higher than 180 days as of that date, the arrangement related to non-performing loans will show its effects in time.

In the first nine months of the year, TL deposits of the banking industry has increased by 18,4%, while FX deposits have increased by 2%. TL loan/deposits ratio of the banking industry, excluding development banks, is at 140% as of end- September, after having increased to 150% at the end of 2020.

GENERAL ASSEMBLY DECISIONS

The Bank's Ordinary General Assembly Meeting was held at the Headquarters on 25 March 2021.

The General Assembly Decisions were disclosed to the shareholders in the Annual Report for the Interim Period of 1 January and 30 June 2021 and on the Bank's website and the Public Disclosure Platform

SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD

TSKB continues with its activities towards creating responsible and sustainable investment culture, which has a positive social impact, and has made an SDG-linked working capital loan available to Borusan Mannesmann. According to its targets of GHG Emissions reduction, waste management, and increase in women ratio, the company will be able to obtain reduction in loan interest rate from TSKB, upon achieving these targets within one year, compared to December 2020 readings.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD (Continued)

Our Bank has been the first financial institution that has started forestation through seed shooting from air, in cooperation with the social initiative, ecording. Within the scope of this cooperation with ecording, which develops sustainable and innovative environment technologies, TSKB targets to shoot a total of 150 thousand seed balls in the name of its loan customer firms, at places designated by the General Directorate for Forestry.

Developments related to the Bank's Corporate Governance Activities

The Bank has successfully completed ESG risk rating score and corporate governance rating processes. Both rating scores show improvement. With 13,6 ESG risk score assigned by Sustainalytics, TSKB remains the leader among global banks in its category, ranking 6th place and in 2nd percentile. Our Bank has also increased its Corporate Governance Rating Score of 95,64 out of 100 last year, to 95,86 this year.

FINANCIAL DEVELOPMENTS IN THE INTERIM PERIOD

Below is the summary of the Bank's major financial indicators as of 30 September 2021.

Total assets have increased in the first nine months by 16,7% to TL 60,1 billion.

Total loan portfolio was TL 45,6 billion as of end- September, increasing by 16,4% compared to previous year-end. Share of loans in total assets is 75,8%. Share of non-performing loans in total loans is 3,8% as of end- September.

Shareholders' equity has increased in the first nine months by 9,5% to TL 6,7 billion.

In the same period, net interest income has increased by 30,5% to TL 1,925.8 million, while fees and commission income rose by 31,9% to TL 50,9 million. Cost-income ratio, which was 10,6% in the first nine months of 2020, has been 10,1% in the same period of 2021.

Net profit in the first nine months has increased by 47,2% annually to TL 774,3 million. Thus, the Bank's return on equity is 16,1%, and return on assets is 1,9%.

Forward Looking Expectations

TSKB has disclosed its expectations for 2021 on the Public Disclosure Platform on 1 February 2021. In light of the actual results of the third quarter, expectations have been revised.

- As a result of substantial loan redemptions and collections, year-end FX adjusted loan growth guidance is revised to below 2%.
- Investment banking and advisory fees continue to contribute strongly. Year-end commission income increase guidance is lifted from 20% to 35%.
- Income from CPI-linked securities has supported NIM, and year-end NIM guidance is lifted to 4,5%.
- Strong banking income and decreasing cost of risk support the profitability. Return on equity guidance is lifted up to 16%.
- Stage 2 loans ratio guidance is revised down to below 12,5%, non-performing loans ratio guidance is reduced to 4%.
- Gross CoR is expected to be 150 basis points.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

RISK MANAGEMENT

TSKB Risk Management Policies and implementation principles governing these policies comprise the written standards defined by the Board of Directors and enforced by the Bank's senior management.
In line with TSKB's Risk Management Policies, the main risks exposed by the Bank have been identified as credit risks, asset-liability management risk (market risk, structural interest rate risk, liquidity risk) and operational risk. A Risk Management Department has been established within the Bank to ensure compliance with said risk policies and the codes of practice pertaining thereto, and manage the risks the Bank is exposed to in accordance with these policies.

TSKB Risk Management Department actively participates in all processes related to the management of risks, and regularly reports to the Board of Directors, Audit Committee, senior management, and the relevant departments of the Bank. The roles, responsibilities and structure of the Department have been set forth in the Regulation on Risk Management Department.

OTHER INFORMATION

Explanations related to the developments that had a significant impact on the banking activities in the relevant period are provided above. Please see our 2020 Annual Integrated Report available at the following address for further details: https://www.tskb.com.tr/en/investor-relations/financial-information?year=2020