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Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries

Publicly announced consolidated financial statements and related disclosures at March 31, 2021 together with auditor's review report and interim activity report

(Convenience translation of publicly announced consolidated 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 auditor's review report originally issued in Turkish, See Note I. of Section three)

INTERIM REVIEW REPORT

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

Introduction

We have reviewed the consolidated statement of financial position of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") and its consolidated financial subsidiaries (together will be referred as "the Group") at 31 March 2021 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-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 consolidated financial statements as at 31 March 2021 include a free provision amounting to TL 250.000 thousand of which TL 220.000 thousand and TL 30.000 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 accounting requirements of TAS 37, the "Prior Years' Profit/Loss" as of 31 December 2020 and "Net Profit/Loss" of 31 March 2021 are understated by TL 220.000 thousands TL 30.000 thousands respectively.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. and its consolidated financial subsidiaries at 31 March 2021 and the results of its operations and its cash flows for the three-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 consolidated 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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Yaşar Bivas, SMMM
Partner

3 May 2021
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

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The consolidated financial report for the three months includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency:

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

The subsidiaries, associates and joint ventures, whose financial statements are consolidated within the framework of the reporting package, are as follows:

Subsidiaries	**Associates**
Yatırım Finansman Menkul Değerler A.Ş.	İş Finansal Kiralama A.Ş.
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
Yatırım Varlık Kiralama A.Ş.	İş Faktoring A.Ş.

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

3 May 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 : Tolga Sert / Head of Financial Control Department
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INDEX **Page Number**

SECTION ONE

General Information

I.	The Parent Bank's incorporation date, beginning status, changes in the existing status	1
II.	Explanations regarding the Parent 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 Parent Bank	1
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 Parent Bank	2
IV.	Information about the persons and institutions that have qualified shares in the Parent Bank	3
V.	Summary on the Parent Bank's functions and areas of activity	3
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	3
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	5

SECTION TWO

Consolidated Financial Statements

I.	Consolidated balance sheet	6
II.	Consolidated statement of off-balance sheet items	8
III.	Consolidated statement of profit or loss	9
IV.	Consolidated statement of profit or loss and other comprehensive income	10
V.	Consolidated statement of changes in shareholders' equity	11
VI.	Consolidated statement of cash flows	13

SECTION THREE

Accounting Policies

I.	Basis of presentation	14
II.	Explanations on usage strategy of financial assets and foreign currency transactions	15
III.	Explanations on associates and subsidiaries	17
IV.	Explanations on forward and option contracts and derivative instruments	17
V.	Explanations on associates and subsidiaries	18
VI.	Explanations on interest income and expenses	18
VII.	Explanations on fees and commission income and expenses	18
VIII.	Explanations on financial assets	18
IX.	Explanations on impairment of financial assets	23
X.	Explanations on offsetting, derecognition and restructuring of financial instruments	27
XI.	Explanations on sales and repurchase agreements and lending of securities	29
XII.	Explanations on assets held for sale and discontinued operations	29
XIII.	Explanations on goodwill and other intangible assets	29
XIV.	Explanations on tangible assets	30
XV.	Explanations on leasing transactions	31
XVI.	Explanations on provisions and contingent liabilities	33
XVII.	Explanations on liabilities regarding employee benefits	33
XVIII.	Explanations on taxation	35
XIX.	Additional explanations on borrowings	36
XX.	Explanations on share certificates issued	36
XXI.	Explanations on acceptances	36
XXII.	Explanations on government incentives	36
XXIII.	Explanations on segment reporting	36
XXIV.	Explanations on other matters	37

SECTION FOUR

Information on Consolidated Financial Structure and Risk Management

I.	Explanations related to consolidated shareholders' equity	38
II.	Explanations related to consolidated currency risk	43
III.	Explanations related to consolidated interest rate risk	45
IV.	Explanations related to consolidated stock position risk	49
V.	Explanations related to consolidated liquidity risk management and coverage ratio	51
VI.	Explanations related to consolidated leverage ratio	57
VII.	Explanations related to consolidated risk management	58

SECTION FIVE

Explanations and Disclosures on Consolidated Financial Statements

I.	Explanations and disclosures related to the consolidated assets	60
II.	Explanations and disclosures related to the consolidated liabilities	82
III.	Explanations and disclosures related to the consolidated off-balance sheet items	89
IV.	Explanations and disclosures related to the consolidated income statement	93
V.	Explanations on the risk group of the Parent Bank	98
VI.	Explanations and notes related to subsequent events	99

SECTION SIX

Auditors' Limited Review Report

I.	Explanations on the auditors' limited review report	99
II.	Explanations and notes prepared by independent auditors	99

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	100

SECTION ONE

GENERAL INFORMATION

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

Türkiye Sınai Kalkınma Bankası A.Ş. ("The Parent 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 Parent Bank is "Development and Investment Bank". The Parent Bank does not have the license of "Accepting Deposit". Since the establishment date of the Parent Bank, there is no change in its "Development and Investment Bank" status.

II. Explanations regarding the Parent 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 Parent Bank

Türkiye İş Bankası A.Ş. has the authority of managing and controlling power of the Parent Bank directly or indirectly, alone or together with other shareholders. Shareholders of the Parent 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 Parent Bank shares are traded in Istanbul Stock Exchange ("BIST") since 26 December 1986. The Parent Bank's 50,92% of the shares belongs to İş Bank Group and 38,88% of these shares are in free floating and traded in BIST Star Market with "TSKB" ticker.

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 Parent 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 Board of Directors and General 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(4)

Name Surname	Title / Area of Responsibility
Ece Börü	General Manager
Hakan Aygen	Executive Vice President - Corporate Finance, Loan Analysis, Loan Allocation, Specialized Loans
B. Gökhan Çanakpınar	Executive Vice President – Support Services, System & Network Support, Application Development
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
H. Yetkin Kesler	Executive Vice President – Pension and Assistance Funds, Human Resources, Enterprise Architecture and Process Management,
Meral Murathan	Executive Vice President – Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, Engineering and Technical Consultancy

(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) It shows the duties and responsibilities after the organizational changes made in the Parent Bank pursuant to the Parent Bank's Board of Directors Decision No. 2452 dated 27 August 2020.

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 Parent Bank

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

V. Summary on the Parent 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 Parent 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 Parent Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Parent 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 Parent 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 Parent 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., Terme Metal Sanayi ve Ticaret A.Ş., Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş., TSKB Sürdürülebilirlik Danışmanlığı A.Ş. and Anavarza Otelcilik Anonim Şirketi are not consolidated since they are not in scope of financial institutions according to related Communiqué. These non-financial investment in associates and subsidiaries are accounted by the equity method in the consolidated financial statements

Türkiye Sınai Kalkınma Bankası A.Ş. and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. and Yatırım Varlık Kiralama A.Ş. are included in the accompanying consolidated financial statements by 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.

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 89,13%. The company's headquarters is located at Istanbul/Turkey.

Yatırım Varlık Kiralama A.Ş. :

Yatırım Varlık Kiralama A.Ş. was established on 20 September 2019. Core business of the Company is to issue a lease certificate exclusively in accordance with the provisions of the Capital Market Law and the relevant Communiqué. The share of Yatırım Finansman Menkul Değerler A.Ş. is 100%. Headquarters of company is in İstanbul /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.

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)

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 Parent 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 Parent Bank and its subsidiaries. The Parent Bank charge or pay cost of the services according to the service agreements done between the Parent Bank and its subsidiaries. Dividend distribution from shareholders' equity is made according to related legal regulations.

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

The Parent Bank 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 Parent Bank accessible from the Parent Bank's corporate website.

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2021

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

			Reviewed Current Period 31 March 2021			Audited Prior Period 31 December 2020		
	ASSETS	**Section 5 Note I**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (NET)**		**5.288.812**	**6.539.246**	**11.828.058**	**4.051.419**	**5.046.636**	**9.098.055**
1.1	**Cash and Cash Equivalents**		**2.118.726**	**2.857.859**	**4.976.585**	**1.512.256**	**1.363.303**	**2.875.559**
1.1.1	Cash and Balances with Central Bank	**(1)**	6.864	1.319.396	1.326.260	2.247	1.021.382	1.023.629
1.1.2	Banks	**(3)**	119.500	1.539.290	1.658.790	86.932	342.533	429.465
1.1.3	Money Market Placements		1.994.441	-	1.994.441	1.424.176	-	1.424.176
1.1.4	Expected Credit Losses (-)		2.079	827	2.906	1.099	612	1.711
1.2	**Financial Assets at Fair Value Through Profit or Loss**	**(2)**	**18.987**	**263.097**	**282.084**	**16.754**	**263.097**	**279.851**
1.2.1	Government Debt Securities		-	-	-	-	-	-
1.2.2	Equity Instruments		7.917	-	7.917	4.152	-	4.152
1.2.3	Other Financial Assets		11.070	263.097	274.167	12.602	263.097	275.699
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(4)**	**2.243.049**	**2.822.294**	**5.065.343**	**1.905.409**	**2.696.730**	**4.602.139**
1.3.1	Government Debt Securities		1.985.342	2.732.264	4.717.606	1.695.394	2.619.578	4.314.972
1.3.2	Equity Instruments		85.197	90.030	175.227	88.595	77.152	165.747
1.3.3	Other Financial Assets		172.510	-	172.510	121.420	-	121.420
1.4	**Derivative Financial Assets**	**(2)**	**908.050**	**595.996**	**1.504.046**	**617.000**	**723.506**	**1.340.506**
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		908.050	595.996	1.504.046	617.000	723.506	1.340.506
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)**		**7.287.437**	**37.917.261**	**45.204.698**	**8.056.807**	**32.645.563**	**40.702.370**
2.1	**Loans**	**(5)**	**5.380.152**	**38.714.278**	**44.094.430**	**5.875.096**	**33.299.702**	**39.174.798**
2.2	**Lease Receivables**	**(10)**	**-**	**220.209**	**220.209**	**-**	**205.726**	**205.726**
2.3	**Factoring Receivables**		-	-	-	-	-	-
2.4	**Other Financial Assets Measured at Amortized Cost**	**(6)**	**2.483.208**	**398.760**	**2.881.968**	**2.719.902**	**363.157**	**3.083.059**
2.4.1	Government Debt Securities		2.483.208	398.760	2.881.968	2.719.902	363.157	3.083.059
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	**Expected Credit Losses (-)**		**575.923**	**1.415.986**	**1.991.909**	**538.191**	**1.223.022**	**1.761.213**
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**		**673.321**	**-**	**673.321**	**651.842**	**-**	**651.842**
4.1	**Investments in Associates (Net)**	**(7)**	**647.980**	**-**	**647.980**	**625.893**	**-**	**625.893**
4.1.1	Accounted Under Equity Method		647.980	-	647.980	625.893	-	625.893
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	**Subsidiaries (Net)**	**(8)**	**24.758**	**-**	**24.758**	**25.352**	**-**	**25.352**
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		24.758	-	24.758	25.352	-	25.352
4.3	**Entities under Common Control (Joint Venture) (Net)**		**583**	**-**	**583**	**597**	**-**	**597**
4.3.1	Joint Ventures Valued Based on Equity Method		583	-	583	597	-	597
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(12)**	**380.590**	**-**	**380.590**	**380.662**	**-**	**380.662**
VI.	**INTANGIBLE ASSETS (Net)**	**(13)**	**5.300**	**-**	**5.300**	**5.066**	**-**	**5.066**
6.1	Goodwill		1.005	-	1.005	1.005	-	1.005
6.2	Other		4.295	-	4.295	4.061	-	4.061
VII.	**INVESTMENT PROPERTY (Net)**	**(14)**	**280.057**	**-**	**280.057**	**279.523**	**-**	**279.523**
VIII.	**CURRENT TAX ASSET**		**469**	**-**	**469**	**78**	**-**	**78**
IX.	**DEFERRED TAX ASSET**	**(15)**	**184.078**	**-**	**184.078**	**175.419**	**-**	**175.419**
X.	**OTHER ASSETS (Net)**	**(17)**	**900.069**	**161.691**	**1.061.760**	**614.639**	**458.863**	**1.073.502**
	TOTAL ASSETS		**15.064.536**	**44.618.198**	**59.682.734**	**14.279.858**	**38.151.062**	**52.430.920**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2021

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

			Reviewed Current Period 31 March 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)**	**175.556**	**35.718.611**	**35.894.167**	**119.985**	**32.212.225**	**32.332.210**
III.	**MONEY MARKET BALANCES**		**145.284**	**447.825**	**593.109**	**1.066.421**	**323.705**	**1.390.126**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**(3)**	**972.881**	**11.847.091**	**12.819.972**	**441.111**	**8.021.275**	**8.462.386**
4.1	Bills		335.246	-	335.246	35.907	-	35.907
4.2	Assets Backed Securities		637.635	-	637.635	405.204	-	405.204
4.3	Bonds		-	11.847.091	11.847.091	-	8.021.275	8.021.275
V.	**BORROWER FUNDS**		**7.960**	**66.980**	**74.940**	**6.275**	**115.830**	**122.105**
5.1	Borrower Funds		7.960	66.980	74.940	6.275	115.830	122.105
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(2)**	**241.979**	**372.429**	**614.408**	**326.364**	**548.616**	**874.980**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		241.979	372.429	614.408	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)**	**4.673**	**-**	**4.673**	**4.394**	**-**	**4.394**
X.	**PROVISIONS**	**(7)**	**278.114**	**30.206**	**308.320**	**245.185**	**29.593**	**274.778**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		23.790	-	23.790	21.141	-	21.141
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		254.324	30.206	284.530	224.044	29.593	253.637
XI.	**CURRENT TAX LIABILITY**	**(8)**	**38.966**	**-**	**38.966**	**155.129**	**-**	**155.129**
XII.	**DEFERRED TAX LIABILITY**	**(8)**	**-**	**-**	**-**	**1.508**	**-**	**1.508**
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(10)**	**-**	**2.528.944**	**2.528.944**	**-**	**2.299.503**	**2.299.503**
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	2.528.944	2.528.944	-	2.299.503	2.299.503
XV.	**OTHER LIABILITIES**		**204.889**	**523.063**	**727.952**	**175.204**	**207.828**	**383.032**
XVI.	**SHAREHOLDERS' EQUITY**		**6.163.184**	**(85.901)**	**6.077.283**	**6.007.676**	**123.093**	**6.130.769**
16.1	Paid-in capital	(11)	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2	Capital Reserves		1.143	-	1.143	1.150	-	1.150
16.2.1	Share Premium		769	-	769	776	-	776
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		398.252	1.627	399.879	390.557	(765)	389.792
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		92.136	(87.528)	4.608	101.903	123.858	225.761
16.5	Profit Reserves		2.609.621	-	2.609.621	1.947.077	-	1.947.077
16.5.1	Legal Reserves		381.427	-	381.427	342.716	-	342.716
16.5.2	Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3	Extraordinary Reserves		2.149.633	-	2.149.633	1.525.800	-	1.525.800
16.5.4	Other Profit Reserves		2.920	-	2.920	2.920	-	2.920
16.6	Profit Or Loss		205.231	-	205.231	712.819	-	712.819
16.6.1	Prior Years' Profit/Loss		(21.879)	-	(21.879)	525	-	525
16.6.2	Current Year Profit/Loss		227.110	-	227.110	712.294	-	712.294
16.7	Non-Controlling Interests		56.801	-	56.801	54.170	-	54.170
	TOTAL LIABILITIES AND EQUITY		**8.233.486**	**51.449.248**	**59.682.734**	**8.549.252**	**43.881.668**	**52.430.920**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF 31 MARCH 2021

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

			Reviewed Current Period 31 March 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)**		**9.258.090**	**70.232.216**	**79.490.306**	**7.373.851**	**60.513.309**	**67.887.160**
I.	**GUARANTEES AND COLLATERALS**	**(1)**	**471.403**	**4.870.998**	**5.342.401**	**356.057**	**4.582.781**	**4.938.838**
1.1	Letters of Guarantee		309.529	1.635.169	1.944.698	356.057	1.730.105	2.086.162
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		309.529	1.635.169	1.944.698	356.057	1.730.105	2.086.162
1.2	Bank Acceptances		-	98.667	98.667	-	170.915	170.915
1.2.1	Import Letter of Acceptance		-	98.667	98.667	-	170.915	170.915
1.2.2	Other Bank Acceptance		-	-	-	-	-	-
1.3	Letters of Credit		161.874	3.137.162	3.299.036	-	2.681.761	2.681.761
1.3.1	Documantery Letters of Credit		161.874	3.137.162	3.299.036	-	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)**	**1.650.838**	**6.236.957**	**7.887.795**	**1.600.166**	**5.267.924**	**6.868.090**
2.1	Irrevocable Commitments		1.156.224	592.340	1.748.564	1.050.260	553.382	1.603.642
2.1.1	Forward Asset Purchase and Sale Commitments		16.474	132.486	148.960	9.028	90.102	99.130
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		4.060	131.556	135.616	-	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		1.135.690	328.298	1.463.988	1.041.232	336.108	1.377.340
2.2	Revocable Commitments		494.614	5.644.617	6.139.231	549.906	4.714.542	5.264.448
2.2.1	Revocable Loan Granting Commitments		494.614	5.644.617	6.139.231	549.906	4.714.542	5.264.448
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(2)**	**7.135.849**	**59.124.261**	**66.260.110**	**5.417.628**	**50.662.604**	**56.080.232**
3.1	Derivative Financial Instruments for Hedging Purposes		-	22.137.069	22.137.069	-	19.840.766	19.840.766
3.1.1	Fair Value Hedge		-	22.137.069	22.137.069	-	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		7.135.849	36.987.192	44.123.041	5.417.628	30.821.838	36.239.466
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.176.268	1.346.478	2.522.746	551.948	799.850	1.351.798
3.2.1.1	Forward Foreign Currency Transactions-Buy		576.861	684.737	1.261.598	283.382	393.739	677.121
3.2.1.2	Forward Foreign Currency Transactions-Sell		599.407	661.741	1.261.148	268.566	406.111	674.677
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		5.883.831	35.306.555	41.190.386	4.710.136	29.887.024	34.597.160
3.2.2.1	Foreign Currency Swap-Buy		443.306	9.281.890	9.725.196	341.717	6.861.632	7.203.349
3.2.2.2	Foreign Currency Swap-Sell		5.102.303	4.029.203	9.131.506	4.368.419	2.576.136	6.944.555
3.2.2.3	Interest Rate Swap-Buy		169.111	10.997.731	11.166.842	-	10.224.628	10.224.628
3.2.2.4	Interest Rate Swap-Sell		169.111	10.997.731	11.166.842	-	10.224.628	10.224.628
3.2.3	Foreign Currency, Interest Rate, and Securities Options		66.420	334.159	400.579	142.970	134.964	277.934
3.2.3.1	Foreign Currency Options-Buy		33.210	167.063	200.273	71.485	67.482	138.967
3.2.3.2	Foreign Currency Options-Sell		33.210	167.096	200.306	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		9.330	-	9.330	12.574	-	12.574
B.	**CUSTODY AND PLEDGES SECURITIES (IV+V+VI)**		**68.373.764**	**458.999.875**	**527.373.639**	**68.853.512**	**416.411.119**	**485.264.631**
IV.	**ITEMS HELD IN CUSTODY**		**2.827.876**	**170.887**	**2.998.763**	**3.048.106**	**276.873**	**3.324.979**
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		2.295.716	170.887	2.466.603	2.250.816	276.873	2.527.689
4.3	Checks Received for Collection		248	-	248	248	-	248
4.4	Commercial Notes Received for Collection		6.145	-	6.145	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		525.767	-	525.767	797.042	-	797.042
V.	**PLEDGES ITEMS**		**58.524.904**	**362.033.653**	**420.558.557**	**59.075.249**	**327.909.736**	**386.984.985**
5.1	Marketable Securities		456.247	-	456.247	456.248	-	456.248
5.2	Guarantee Notes		90.168	1.683.478	1.773.646	80.666	1.616.541	1.697.207
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		8.297.962	97.821.580	106.119.542	8.235.352	89.251.431	97.486.783
5.6	Other Pledged Items		49.680.527	262.528.595	312.209.122	50.302.983	237.041.764	287.344.747
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED BILL OF EXCHANGE AND COLLATERALS**		**7.020.984**	**96.795.335**	**103.816.319**	**6.730.157**	**88.224.510**	**94.954.667**
	TOTAL OFF BALANCE SHEET ITEMS (A+B)		**77.631.854**	**529.232.091**	**606.863.945**	**76.227.363**	**476.924.428**	**553.151.791**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2021

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

	STATEMENT OF PROFIT OR LOSS	Note	Reviewed Current Period 1 January 2021 – 31 March 2021	Reviewed Prior Period 1 January 2020 – 31 March 2020
I.	**INTEREST INCOME**	**(1)**	**937.063**	**788.893**
1.1	Interest on Loans		643.909	570.650
1.2	Interest Received from Reserve Deposits		99	-
1.3	Interest Received from Banks		4.744	7.242
1.4	Interest Received from Money Market Placements		90.207	14.160
1.5	Interest Received from Marketable Securities Portfolio		193.721	192.811
1.5.1	Fair Value Through Profit or Loss		775	522
1.5.2	Fair Value Through other Comprehensive Income		102.946	111.796
1.5.3	Measured at Amortized Cost		90.000	80.493
1.6	Finance Lease Income		1.851	2.084
1.7	Other Interest Income		2.532	1.946
II.	**INTEREST EXPENSES (-)**	**(2)**	**378.533**	**339.203**
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		131.648	164.788
2.3	Interest on Money Market Borrowings		17.939	7.640
2.4	Interest on Securities Issued		225.015	165.757
2.5	Leasing Interest Expense		222	96
2.6	Other Interest Expense		3.709	922
III.	**NET INTEREST INCOME (I - II)**		**558.530**	**449.690**
IV.	**NET FEES AND COMMISSIONS INCOME / EXPENSES**		**35.206**	**36.403**
4.1	Fees and Commissions Received		40.219	39.706
4.1.1	Non-cash Loans		6.780	13.462
4.1.2	Other		33.439	26.244
4.2	Fees and Commissions Paid (-)		5.013	3.303
4.2.1	Non-cash Loans		803	823
4.2.2	Other		4.210	2.480
V.	**DIVIDEND INCOME**	**(3)**	**4.223**	**5.944**
VI.	**NET TRADING INCOME**	**(4)**	**29.024**	**(10.694)**
6.1	Securities Trading Gains / (Losses)		(295)	(508)
6.2	Derivative Financial Instruments Gains / Losses		563.335	163.311
6.3	Foreign Exchange Gains / Losses (Net)		(534.016)	(173.497)
VII.	**OTHER OPERATING INCOME**	**(5)**	**187.239**	**9.558**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**814.222**	**490.901**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**317.492**	**223.952**
X.	**OTHER PROVISION EXPENSES (-)**	**(6)**	**30.000**	**-**
XI.	**PERSONNEL EXPENSES (-)**		**51.697**	**41.350**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**171.493**	**36.018**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**243.540**	**189.581**
XIV.	**AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER**		-	-
XV.	**PROFIT / (LOSS) ON EQUITY METHOD**		**37.336**	**8.142**
XVI.	**GAIN / (LOSS) ON NET MONETARY POSITION**		-	-
XVII.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)**		**280.876**	**197.723**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(8)**	**53.730**	**47.394**
18.1	Provision for Current Income Taxes		11.317	2.134
18.2	Deferred Tax Income Effect (+)		113.550	166.076
18.3	Deferred Tax Expense Effect (-)		71.137	120.816
XIX.	**NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)**	**(9)**	**227.146**	**150.329**
XX.	**INCOME ON DISCONTINUED OPERATIONS**		**-**	**-**
20.1	Income on Assets Held for Sale		-	-
20.2	Income on Sale of Associates, Subsidiaries and JointlyControlled 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 (XIX+XXIV)**	**(10)**	**227.146**	**150.329**
25.1	Group's Profit / Loss		227.110	152.411
25.2	Minority Shares (-)		36	(2.082)
	Earning / (loss) per share		0,081	0,054

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2021

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

	PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed Current Period 1 January 2021 – 31 March 2021	Reviewed Prior Period 1 January 2020– 31 March 2020
I.	**CURRENT PERIOD INCOME / LOSS**	**227.146**	**150.329**
II.	**OTHER COMPREHENSIVE INCOME**	**(210.111)**	**(169.151)**
2.1	**Not Reclassified Through Profit or Loss**	**11.042**	**3.169**
2.1.1	Property and Equipment Revaluation Increase / Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain / Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	11.042	3.169
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2	**Reclassified Through Profit or Loss**	**(221.153)**	**(172.320)**
2.2.1	Foreign Currency Translation Differences	6.025	5.042
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(263.282)	(224.060)
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	(16.476)	(2.583)
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	52.580	49.281
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**17.035**	**(18.822)**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 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 – 31 March 2020																	
I.	**Prior Period End Balance**		**2.800.000**	**530**	**-**	**374**	**310.599**	**(1.393)**	**27.781**	**20.714**	**28.010**	**23.469**	**1.226.589**	**704.226**	**-**	**5.140.899**	**38.090**	**5.178.989**
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**	**530**	**-**	**374**	**310.599**	**(1.393)**	**27.781**	**20.714**	**28.010**	**23.469**	**1.226.589**	**704.226**	**-**	**5.140.899**	**38.090**	**5.178.989**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**-**	**3.169**	**5.042**	**(174.779)**	**(2.583)**	**-**	**-**	**152.411**	**(16.740)**	**(2.082)**	**(18.822)**
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**		**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**7**	**-**	**34**	**(1.406)**	**(1.372)**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**702.644**	**(702.778)**	**-**	**(134)**	**-**	**(134)**
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(134)	-	(134)	-	(134)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	702.644	(702.644)	-	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance		**2.800.000**	**532**	**-**	**374**	**310.599**	**(1.393)**	**30.950**	**25.756**	**(146.769)**	**20.886**	**1.929.258**	**1.455**	**152.411**	**5.124.059**	**34.602**	**5.158.661**

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 Translation 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 consolidated financial statements.

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 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 – 31 March 2021																	
I.	**Prior Period End Balance**		**2.800.000**	**776**	**-**	**374**	**342.425**	**1.392**	**45.975**	**39.852**	**75.014**	**110.895**	**1.947.077**	**712.819**	**-**	**6.076.599**	**54.170**	**6.130.769**
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**	**776**	**-**	**374**	**342.425**	**1.392**	**45.975**	**39.852**	**75.014**	**110.895**	**1.947.077**	**712.819**	**-**	**6.076.599**	**54.170**	**6.130.769**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**-**	**11.042**	**6.025**	**(210.702)**	**(16.476)**	**-**	**-**	**227.110**	**16.999**	**36**	**17.035**
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**		**-**	**(7)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(29)**	**562**	**-**	**526**	**2.595**	**3.121**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**(955)**	**-**	**-**	**-**	**-**	**-**	**662.573**	**(735.260)**	**-**	**(73.642)**	**-**	**(73.642)**
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(73.551)	-	(73.551)	-	(73.551)
11.2	Transfers to Reserves		-	-	-	-	(955)	-	-	-	-	-	622.573	(621.709)	-	(91)	-	(91)
11.3	Other		-	-	-	-	-	-	-	-	-	-	40.000	(40.000)	-	-	-	-
	Period-End Balance		**2.800.000**	**769**	**-**	**374**	**341.470**	**1.392**	**57.017**	**45.877**	**(135.688)**	**94.419**	**2.609.621**	**(21.879)**	**227.110**	**6.020.482**	**56.801**	**6.077.283**

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 Translation 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 consolidated financial statements.

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THRE-MONTH PERIOD THEN ENDED 31 MARCH 2021

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

		Note	Reviewed Current Period 31 March 2021	Reviewed Prior Period 31 March 2020
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		**894.740**	**198.172**
1.1.1	Interest Received		927.732	655.319
1.1.2	Interest Paid		(416.460)	(231.680)
1.1.3	Dividends Received		4.223	5.944
1.1.4	Fees and Commissions Received		40.219	39.706
1.1.5	Other Income		47.308	11.006
1.1.6	Collections from Previously Written off Loans		78.667	631
1.1.7	Payments to Personnel and Service Suppliers		(83.761)	(69.309)
1.1.8	Taxes Paid		(125.524)	(68.571)
1.1.9	Others		422.336	(144.874)
1.2	**Changes in Operating Assets and Liabilities**		**(1.849.601)**	**(913.225)**
1.2.1	Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		(2.973)	(7.212)
1.2.2	Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3	Net (Increase) (Decrease) in Loans		(1.243.818)	203.345
1.2.4	Net (Increase) (Decrease) in Other Assets		(150.774)	(230.233)
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		298.793	(868.044)
1.2.9	Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10	Net (Increase) (Decrease) in Other Liabilities		(750.829)	(11.081)
I.	**Net Cash Provided by / (used in) Banking Operations**		**(954.861)**	**(715.053)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided by / (used in) Investing Activities**		**(190.742)**	**(484.917)**
2.1	Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries		-	-
2.2	Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries		14.523	-
2.3	Purchases of Property and Equipment		(6.436)	(1.165)
2.4	Disposals of Property and Equipment		86	241
2.5	Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(766.202)	(761.677)
2.6	Sale of Financial Assets at Fair Value through Other Comprehensive Income		405.722	386.777
2.7	Purchase of Financial Assets Measured at Amortized Cost		-	(107.927)
2.8	Sale of Financial Assets Measured at Amortized Cost		162.446	-
2.9	Others		(881)	(1.166)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided by / (used in) Financing Activities**		**2.768.767**	**2.236.413**
3.1	Cash Obtained From Funds Borrowed and Securities Issued		2.843.068	2.236.816
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Capital Increase		-	-
3.4	Dividends Paid		(73.551)	(134)
3.5	Payments for Financial Leases		(750)	(269)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**131.448**	**115.007**
V.	**Net Increase / (Decrease) in Cash and Cash Equivalents**		**1.754.612**	**1.151.450**
VI.	**Cash and Cash Equivalents at Beginning of the Period**		**1.864.624**	**779.802**
VII.	**Cash and Cash Equivalents at End of the Period**		**3.619.236**	**1.931.252**

The accompanying notes are an integral part of these consolidated 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 consolidated 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 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 consolidated 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 Parent 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 31 March 2021 and considering the magnitude of the economic changes occurred due to COVID-19, the Parent Bank made estimates in the calculation of expected credit losses and disclosed these in footnote IX "Disclosures on impairment of financial assets". In the coming periods, the Parent Bank will update its relevant assumptions according to necessary extents and review the realizations of past estimates.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

I.c The items which have different accounting policies applied in the preparation of the consolidated financial statements and their ratios to the total of the related items in the consolidated 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.

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 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.

I.d The items which have different accounting policies applied in the preparation of the consolidated financial statements and their ratios to the total of the related items in the consolidated financial statements

Different accounting policies are not applied in the preparation of consolidated financial statements.

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

The main sources of the funds of the Group 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 the Group 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 Group and a portion of fixed rate funds borrowed are subject to fair value hedge accounting. The Bank enters into interest rate and cross currency swap agreements in order to hedge the change in fair values of its fixed rate financial liabilities. The changes in the fair value of the hedged fixed rate financial liabilities and hedging interest rate and cross currency 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 Group 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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.

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 Parent Bank continues to apply the provisions of TAS 39 hedge accounting.

The Group 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 Parent Bank.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on associates and subsidiaries

Explanations about the Parent Bank and its subsidiaries and associates subject to consolidation are described in General Information Section V.

IV. Explanations on forward and option contracts and derivative instruments

The Parent 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 Group 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 Group 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 transaction.

In the initial design of a derivative financial instrument as a hedge, the Parent Bank explains in writing the relationship between the hedged item and the hedging instrument, the risk management objectives and strategies of the relevant hedging transaction and the methods to measure the effectiveness of the hedging. . The Parent Bank evaluates whether the hedging method is effective on the changes in the expected fair values of the related instruments during the period in which the method is applied or whether the effectiveness of each hedge in its actual results is between 80% - 125% at the beginning of the related association and in the ongoing process.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

V. Explanations on associates and subsidiaries

The Parent Bank's financial subsidiaries' are reflected the consolidated financial statements according to the equity method in accordance with TAS 28 - Investment in Associates and Joint Ventures Related to the Turkish Accounting Standards. Unconsolidated and non financial subsidiaries and associates are presented in the financial statements in accordance with the "TAS 27-Separate Financial Statements" standard with their cost values after the deduction of, if any, impairment losses.

VI. 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 an accrual basis using the effective interest rate 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 reflected in the records with their fair values and are accounted on an accrual basis, using the effective interest method (the rate that equates the future cash flows of the financial asset or liability to its current net book value), considering the current principal amount.

VII. 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. Income from asset purchases to a third party or by natural or legal persons contracts are recognized in the period they occur.

VIII. 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

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 Parent 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 does not depend on the intent of the management on an individual financial intermediary, so the condition is not a classification approach on the basis of a financial instrument but an evaluation by combining the financial assets. When the business model used for the management of financial assets is being evaluated, all evidence is taken into account. Such evidence includes the following:

- How the performance of financial assets held by the business model and business model is reported by the key executive personnel,
- Risks affecting the performance of the business model (financial assets held within the business model) and, in particular type of management,
- How the additional payments to the managers are determined (for example, whether additional payments are determined according to the fair value of the assets being managed or on the contractual cash flows collected).

Business model evaluation is not based on scenarios in which the operator is not expected to be at a reasonable level, such as the "worst case" or "pressure case" scenarios. The same business model does not require a change in the classification of other financial assets as long as the cash flows are realized differently from the expected future date when the business model is assessed, the error correction is made in the financial statements or all relevant information available at the time of the valuation of the business model is taken into account. However, when evaluating the business model for newly created or newly acquired financial assets, information about how past cash flows have been taken into account along with other relevant information is also taken into account. The business models that comprise the bet are composed of three categories. These categories are as follows:

- Business model aimed to hold assets in order to collect contractual cash flows: This is a 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. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Business model whose objective is to hold assets in order to collect contractual cash flows: The Parent Bank may hold financial assets in this business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Other Business Model: Financial assets are measured at fair value through profit or loss if 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.

The contractual cash flows including solely principle and interest on principle

As per TFRS 9, the Parent 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 assets. In a basic lending agreement, the time value of money and the consideration of credit risk are often the most important element of interest. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant 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

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 Parent 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)

VIII. Explanations on financial assets (continued)

Measurement categories of financial assets and liabilities (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 Telekomünikasyon 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 Parent 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. dated September 23, 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 31 March 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 191.502 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)

VIII. Explanations on financial assets (continued)

b. Financial Assets at Fair Value Through Other Comprehensive Income:

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.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

c. Financial Assets Measured at Amortized Cost (continued) :

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 consolidated 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.

IX. Explanations on impairment of financial assets

As of 1 January 2018, loss allowance for expected credit losses is recognised on financial assets and loans measured at amortized cost, financial assests measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss based on TFRS 9 and 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, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occuring for the financial instrument.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on impairment of financial assets (continued)

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)
- Collateral 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 Parent 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.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on impairment of financial assets (continued)

Calculation of expected credit losses (continued)

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.

The classification method is applied according to the decision of the BRSA dated 27 March 2020 and numbered 8970 and the decision dated 8 December 2020 and numbered 9312.

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 Parent 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 Parent 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.

According to the BRSA's decision dated 17 March 2020 and numbered 8948 and decision dated 8 December 2020 and numbered 9312 the classification method is applied. The Bank makes provisions for customers in these groups with a delay of more than 30 and 90 days, according to risk policies and models, in which the conditions of the borrower are also evaluated.

Debt instruments measured at fair value through other comprehensive income

According to TFRS 9 the impairment requirements are applied for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. 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 Parent 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). 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on impairment of financial assets (continued)

Significant increase in credit risk (continued)

When determining the significant increase in the parent bank credit risk, The Parent 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 Parent 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

Based on the decision of BRSA dated 17 March 2020 and numbered 8948, 90 days delay for the classification of non-performing loans in the scope of the forth and fifth articles of Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans can be applied for 180 days until 31 December 2020 for loans that classified in stage 1 and stage 2 within the board of decision as of 17 March 2020 due to disruptions in economic and commercial activities resulting from the COVID-19. Afterwards, with the decision of the Board dated 8 December 2020 and numbered 9312, the implementation period of this regulation was extended until 30 June 2021. In this context;

. Temporarly, the receivables cannot be collect up to 180 days can be classified in Stage 2.

. For the customers who do not want to be delayed in overdue installments, the practice of being able to postpone installments within the scope of these periods has been started without breaking the existing restructuring contracts.

. In the process of completing the “Garame banks protocols”, it was formed as a result of extending the time to be given to time-consuming operations with a mutual agreement.

Ultimately, it was concluded that the expected credit losses to be calculated for such receivables will continue according to their own risk models used by banks in accordance with TFRS 9.

In the decision of the BRSA dated 27 March 2020 and numbered 8970, it was decided to apply the 30-day delay period for the classification of loans in the stage 2 can used 90 days until 31 December 2020 due to the COVID-19 outbreak, and continue to calculate Expected credit losses in accordance with TFRS 9. With the decision of the Board dated 8 December 2020 and numbered 9312, the implementation period of this regulation was extended until 30 June 2021.

In the future expectations, 3 scenarios are used to as base, bad and good. Final provisions are calculated by weighing on the possibilities given to the scenarios. As of 31 March 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 assessments 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)

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

a. Offsetting of financial instruments

Financial assets and liabilities are offset when a legally enforceable right to set off or when the Parent Bank has the intention of collecting or paying the net amount of related assets and liabilities, and they are shown in the financial statements with their net amounts. 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 Parent 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 Parent 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 Parent 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 Parent Bank has fulfilled the requirements of reclassification during transition to TFRS 9 and such reclassification details are presented in Section 3, Note VIII.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

d. Restructuring and refinancing of financial instruments

The Parent 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 Parent 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 group encounter 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 in accordance with the legislation 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:
- 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XI. 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 Group 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 and assets at fair value through comprehensive income financial or assets at measured at amortized costs with parallel to classifications of instruments. 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.

XII. 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 due 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 31 March 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.

XIII. 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on goodwill and other intangible assets

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. 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.

XIV. 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.

As of the third quarter of 2015, the Group 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.

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

Investment Properties

Investment properties are real estate held to earn rent income, gain in value or both. An investment property is recognized as an asset if it is probable that future economic benefits related to the property will be available to operate and the cost of the investment property can be reliably measured. The fair value model has been chosen for valuation of investment properties. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on leasing transactions

TFRS 16 Leases

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.
The cost of right-of-use assets includes:

(a) the amount of lease liabilities recognised,
(b) lease payments made at or before the commencement date less any lease incentives received.
(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.

Lease payments included in the measurement of the lease liability at the actual commencement date, to be made for the right of use during the lease period of the underlying asset and where the lease actually commences.

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) if the lease term reflects the Company / the Group exercising the option to terminate.
e) 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.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on leasing transactions (continued)

TFRS 16 Leases (continued)

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

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 Parent 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 Parent 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.

The Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group'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 Group's net investment outstanding in respect of the leases.

The Group as Lessee

Assets held under finance leases are recognized as assets of the Group 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 Group'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 lessee shall use their incremental borrowing rate. The interest expense on the lease liability and the depreciation expense on right of use are recorded separately.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. 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 Group discloses the issues mentioned in notes to financial statements. Provisions are determined by using the Parent Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material. Contingent assets consist of unplanned or other unexpected events that usually cause a possible inflow of economic benefits to the Group.

Explanations on contingent assets

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 Parent 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 Parent 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.

XVII. Explanations on liabilities regarding employee benefits

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. The Group 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits (continued)

Employees of the Parent 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. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28227 and Law no 5510 dated 8 March 2012. 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. In accordance with the Health and Safety Law which became effective on 4 April 2015 and published in the Official Gazette No: 29335 and law no 6645 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits (continued)

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 Parent 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 Parent Bank.

XVIII. 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. 20% is used in the calculation of the corporate tax (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.

Due to the completion of the temporary tax rate change on corporate tax at the rate of 22% as of 2020 with the "Law on Amendments to Certain Tax Laws and Some Other Laws" numbered 7061, for the temporary differences that are expected to occur or to be closed in 2021 and after, the Bank has used 20% tax rate while preparing the financial statements as at 31 December 2020.

The Parent 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. 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on taxation (continued)

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.

XIX. Additional explanations on borrowings

The Parent 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 Parent 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.

XX. Explanations on share certificates issued

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

XXI. 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.

XXII. Explanations on government incentives

The Parent Bank does not use government incentives.

XXIII. Explanations on segment reporting

In accordance with its mission, the Parent 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on segment reporting (continued)

The segmental allocation of the Group's net profit, total assets and total liabilities are shown below.

Current Period	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Net Interest Income	199.635	352.530	6.365	558.530
Net Fees and Commission Income	6.523	4.194	24.489	35.206
Other Income	-	33.385	224.437	257.822
Other Expense	(354.199)	(7.632)	(208.851)	(570.682)
Profit Before Tax	(148.041)	382.477	46.440	280.876
Tax Provision				(53.730)
Net Profit				**227.146**
Group's profit / loss				227.110
Minority share profit / loss				36
Current Period	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Segment Assets	42.314.157	13.716.447	2.978.809	59.009.413
Investment in Associates and Subsidiaries	-	-	673.321	673.321
Total Assets	**42.314.157**	**13.716.447**	**3.652.130**	**59.682.734**
Segment Liabilities	49.231.944	1.475.955	2.897.552	53.605.451
Shareholders' Equity	-	-	6.077.283	6.077.283
Total Liabilities	**49.231.944**	**1.475.955**	**8.974.835**	**59.682.734**

Prior Period(*)	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Net Interest Income	219.436	228.711	1.543	449.690
Net Fees and Commission Income	13.287	8.262	14.854	36.403
Other Income	-	7.986	15.658	23.644
Other Expense	(221.611)	(12.703)	(77.700)	(312.014)
Profit Before Tax	11.112	232.256	(45.645)	197.723
Tax Provision				(47.394)
Net Profit				**150.329**
Group's profit / loss				152.411
Minority share profit / loss				(2.082)
Prior Period (**)	**Kurumsal Bankacılık**	**Yatırım Bankacılığı**	**Diğer**	**Toplam**
Segment Assets	37.634.445	11.297.445	2.847.188	51.779.078
Investment in Associates and Subsidiaries	-	-	651.842	651.842
Total Assets	**37.634.445**	**11.297.445**	**3.499.030**	**52.430.920**
Segment Liabilities	42.617.741	1.045.241	2.637.169	46.300.151
Shareholders' Equity	-	-	6.130.769	6.130.769
Total Liabilities	**42.617.741**	**1.045.241**	**8.767.938**	**52.430.920**

(*) Includes information on 31 March 2020.
(**) Includes information on 31 December 2020.

XXIV. Explanations on other matters

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 Parent Bank as at 31 December 2020 and 31 March 2021.

SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to consolidated shareholders' equity

Total capital and the 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 31 March 2021 capital adequacy ratio of the Parent Bank has been calculated as 18,42% (31 December 2020: 19,37%).

Based on the announcement of BRSA as of 23 March 2020 banks are entitled to use the 2019 year-end exchange rates in calculating of the amount of subject to credit risk while calculation on amounts valued in accordance with TAS and the related specific provision except of monetary and non-monetary items in foreign currency measured in terms of the historical cost in accordance with Regulation on Measurement and Assessment of Capital Adequacy of and if the net valuation differences of the securities owned by the banks; with the decision dated 8 December 2020 and numbered 9312, the Central Bank of the last 252 business days before the calculation date enabled the use of the simple arithmetic average of the foreign exchange buying rates. In addition, based on the decision dated 23 March 2020, before 23 March 2020 in the portfolio of "Fair value through other comprehensive income" are negative, these negative differences may not be taken into account of calculation in accordance with the Regulation on Banks' Equity and used for capital adequacy ratio due to the fluctuations in the financial markets as a result of the COVID-19 epidemic. In addition, according to BRSA 16 April 2020 judgment ıt was decided to apply 0% risk weight in the calculation of amount subject to credit risk of the banks receivables from Central Management of Republic of Turkey and issued in FX in accordance with Standard Approach within the scope of Regulation on Measurement and Evaluation of Banks' Capital Adequacy.

	Consolidated	**Consolidated**
CORE EQUITY TIER 1 CAPITAL	**Current Period**	**Prior Period**
Paid-in capital to be entitled for compensation after all creditors	2.800.374	2.800.374
Share premiums	769	776
Reserves	2.609.621	1.947.077
Other comprehensive income according to TAS	573.470	706.649
Profit	205.231	712.819
Current Period Profit	227.110	712.294
Prior Period Profit	(21.879)	525
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Minority shareholder	56.801	54.170
Core Equity Tier 1 Capital Before Deductions	**6.246.266**	**6.221.865**
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	30.933	91.096
Leasehold improvements on operational leases	1.553	1.650
Goodwill (net of related tax liability)	1.005	1.005
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	4.295	4.061
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	-	-
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	-	-

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to consolidated shareholders' equity (continued)

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	73.379	62.518
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	**111.165**	**160.330**
Core Equity Tier I Capital	**6.135.101**	**6.061.535**
ADDITIONAL TIER I CAPITAL		
Preferred stock not ıncluded in core equity and 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)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (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 i capital	-	-
The total of net long position of the direct or indirect investments in additional Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital	-	-
Other items to be defined by the BRSA	-	-
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)	**6.135.101**	**6.061.535**
TIER II CAPITAL		
Debt instruments and the related issuance premiums defined by the BRSA	2.478.000	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)	565.612	518.126
Shares of Third Parties in Tier II Capital	-	-
Shares of Third Parties in Tier II Capital (Temporary Article 3)	-	-
Tier II Capital Before Deductions	**3.043.612**	**2.718.626**
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.	-	-

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to consolidated shareholders' equity (continued)

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	**3.043.612**	**2.718.626**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**9.178.713**	**8.780.161**
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)	9.178.713	8.780.161
Total Risk Weighted Assets	49.825.041	45.335.598
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	12,31	13,37
Consolidated Tier I Capital Adequacy Ratio (%)	12,31	13,37
Consolidated Capital Adequacy Ratio (%)	18,42	19,37
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	6,31	7,37
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	615.168	606.988
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to consolidated shareholders' equity (continued)

Limits Related to Provisions Considered in Tier II Calculation		
General reserves for receivables where the standard approach used (before tenthousandtwentyfive limitation)	1.230.139	1.042.535
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	565.612	518.126
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 temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temprorary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temprorary 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 consolidated equity items and on balance sheet figures.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to consolidated 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, 71th 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.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated 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 Parent 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 Parent 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 Parent Bank's "Foreign Exchange Valuation Rate"		
31 March 2021	8,2600	9,6732
Prior Five Workdays:		
30 March 2021	8,2000	9,6465
29 March 2021	8,0115	9,4344
26 March 2021	7,9110	9,3202
25 March 2021	7,8700	9,3054
24 March 2021	7,8570	9,3028

Simple arithmetic thirty-day averages of the US Dollar and Euro buying rates of the Parent Bank before the reporting date are full TL 7,5917 and 9,0380 respectively.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated currency risk (continued)

Information on the Group's foreign currency risk:

	Euro	US Dollar	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	501.004	818.392	-	1.319.396
Banks	194.556	1.339.708	5.026	1.539.290
Financial Assets at Fair Value Through Profit or Loss (1)	109.453	479.189	848	589.490
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	90.280	2.732.014	-	2.822.294
Loans (2)	18.439.890	21.556.878	-	39.996.768
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	398.760	-	398.760
Derivative Financial Assets for Hedging Purposes (5)	-	270.972	-	270.972
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (3)	36.899	122.794	8	159.701
Total Assets	**19.372.082**	**27.718.707**	**5.882**	**47.096.671**
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	224.138	223.687	-	447.825
Funds Provided From Other Financial Institutions	14.929.015	20.789.596	-	35.718.611
Marketable Securities Issued (4)	-	14.376.035	-	14.376.035
Miscellaneous Payables	68.441	452.661	720	521.822
Derivative Financial Liabilities for Hedging Purposes (5)	-	-	-	-
Other Liabilities (6)	112.668	216.114	546	329.328
Total Liabilities	**15.334.262**	**36.058.093**	**1.266**	**51.393.621**
Net Balance Sheet Position	**4.037.820**	**(8.339.386)**	**4.616**	**(4.296.950)**
Net Off-Balance Sheet Position	(3.826.080)	8.989.793	(2.559)	5.161.154
Financial Derivative Assets	1.480.386	11.025.243	164.650	12.670.279
Financial Derivative Liabilities	(5.306.466)	(2.035.450)	(167.209)	(7.509.125)
Non-Cash Loans (7)	1.880.793	2.902.252	87.953	4.870.998
Prior Period				
Total Assets	**17.199.913**	**23.239.130**	**4.977**	**40.444.020**
Total Liabilities	**14.597.175**	**28.900.281**	**652**	**43.498.108**
Net Balance Sheet Position	**2.602.738**	**(5.661.151)**	**4.325**	**(3.054.088)**
Net Off –Balance Sheet Position	**(2.209.458)**	**6.268.198**	**(2.333)**	**4.056.407**
Financial Derivative Assets	1.479.327	7.944.254	149.341	9.572.922
Financial Derivative Liabilities	(3.688.785)	(1.676.056)	(151.674)	(5.516.515)
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 57.944 is deducted from "Financial Assets at Fair Value Through Profit or Loss".
(2) Loans include TL, 1.396.685 foreign currency indexed loans, TL, 220.209 financial lease receivables, TL , 916.719 non-performing loans, and TL (334.404) credit-impaired losses (Stage III / Special Provision).
(3) Prepaid expenses amounting to TL 3.500, Forward foreign exchange purchase transaction rediscounts amounting to TL 46 and 12 months expected credit loss for other assets amounting to TL (1.556) 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 (59.649) is deducted from "Derivative Financial Assets for Hedging Purposes".
(6) Exchange rate differences arising from derivative transactions amounting to TL 46.369, Forward foreign exchange buying transaction rediscounts amounting to TL 79 and other provisions amounting to TL 30.206 have not been included in "Other Liabilities".
(7) Has no effect on net off-balance sheet position.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated 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	6.722	-	-	-	-	1.319.538	1.326.260
Banks	1.242.784	36.039	58.170	-	-	321.797	1.658.790
Financial Assets at Fair Value Through Profit and Loss (3)	336.019	371.448	448.907	333.355	277.414	18.987	1.786.130
Money Market Placements	775.189	585.714	633.538	-	-	-	1.994.441
Financial Assets at Fair Value through Other Comprehensive Income	577.762	301.491	593.669	1.982.161	1.431.769	178.491	5.065.343
Loans	5.973.693	10.020.384	11.838.600	6.918.748	8.763.341	-	43.514.766
Financial Assets Measured at Amortized Cost	319.946	907.947	1.255.315	-	398.760	-	2.881.968
Other Assets (2)	-	-	-	64.403	-	1.390.633	1.455.036
Total Assets	**9.232.115**	**12.223.023**	**14.828.199**	**9.298.667**	**10.871.284**	**3.229.446**	**59.682.734**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	593.109	-	-	-	-	-	593.109
Miscellaneous Payables	-	-	-	-	-	611.947	611.947
Marketable Securities Issued (4)	178.941	2.701.341	2.528.942	9.321.159	-	618.533	15.348.916
Funds Provided from Other Financial Institutions	5.046.547	8.955.391	13.217.977	3.966.184	4.708.068	-	35.894.167
Other Liabilities	77.241	35.797	63.938	281.181	189.525	6.586.913	7.234.595
Total Liabilities	**5.895.838**	**11.692.529**	**15.810.857**	**13.568.524**	**4.897.593**	**7.817.393**	**59.682.734**
Balance Sheet Long Position	**3.336.277**	**530.494**	**-**	**-**	**5.973.691**	**-**	**9.840.462**
Balance Sheet Short Position	**-**	**-**	**(982.658)**	**(4.269.857)**	**-**	**(4.587.947)**	**(9.840.462)**
Off-Balance Sheet Long Position	1.098.175	632.983	-	1.326.373	1.029.437	-	4.086.968
Off-Balance Sheet Short Position	-	-	(3.367.168)	-	-	-	(3.367.168)
Total Position	**4.434.452**	**1.163.477**	**(4.349.826)**	**(2.943.484)**	**7.003.128**	**(4.587.947)**	**719.800**

(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.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated 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	-	-	-	-	1.021.462	1.023.629
Banks	291.468	7.699	-	-	-	130.298	429.465
Financial Assets at Fair Value Through Profit and Loss (3)	56.769	396.449	350.681	439.451	360.680	16.327	1.620.357
Money Market Placements	629.842	424.011	370.316	-	-	-	1.424.169
Financial Assets at Fair Value through Other Comprehensive Income	59.691	432.106	795.592	1.738.026	1.407.390	169.334	4.602.139
Loans	7.236.240	6.527.954	10.616.456	6.962.707	7.280.813	-	38.624.170
Financial Assets Measured at Amortized Cost	418.781	1.114.854	1.186.267	-	363.157	-	3.083.059
Other Assets (2)	-	-	-	64.403	-	1.559.529	1.623.932
Total Assets	**8.694.958**	**8.903.073**	**13.319.312**	**9.204.587**	**9.412.040**	**2.896.950**	**52.430.920**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.390.126	-	-	-	-	-	1.390.126
Miscellaneous Payables	-	-	-	-	-	250.136	250.136
Marketable Securities Issued (4)	50.966	-	2.221.421	8.099.357	-	390.145	10.761.889
Funds Provided from Other Financial Institutions	3.374.774	8.045.586	12.897.663	3.636.946	4.377.241	-	32.332.210
Other Liabilities	78.372	79.371	111.913	395.486	242.727	6.788.690	7.696.559
Total Liabilities	**4.894.238**	**8.124.957**	**15.230.997**	**12.131.789**	**4.619.968**	**7.428.971**	**52.430.920**
Balance Sheet Long Position	**3.800.720**	**778.116**	**-**	**-**	**4.792.072**	**-**	**9.370.908**
Balance Sheet Short Position	**-**	**-**	**(1.911.685)**	**(2.927.202)**	**-**	**(4.532.021)**	**(9.370.908)**
Off-Balance Sheet Long Position	-	-	405.243	3.126.618	927.267	-	4.459.128
Off-Balance Sheet Short Position	(2.184.062)	(2.162.299)	-	-	-	-	(4.346.361)
Total Position	**1.616.658**	**(1.384.183)**	**(1.506.442)**	**199.416**	**5.719.339**	**(4.532.021)**	**112.767**

(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.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated 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	-	-	-	13,50
Banks	1,01	0,32	-	19,14
Financial Assets at Fair Value through Profit and Loss (2)	-	4,34	-	17,38
Money Market Placements	-	-	-	18,83
Financial Assets at Fair Value through Other Comprehensive Income	2,68	5,12	-	13,68
Loans	4,57	5,48	-	17,14
Financial Asset Measured at Amortized Cost	-	5,60	-	13,02
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,11	0,25	-	17,96
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	4,61	-	18,25
Borrower Funds	0,10	0,20	-	15,00
Funds Provided From Other Financial Institutions	1,07	1,45	-	13,11

(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.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk (continued)

Average interest rates applied to monetary financial instruments in prior period: %

	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	1,64	1,11	-	16,57
Financial Assets at Fair Value Through Profit and Loss (2)	-	4,34	-	13,91
Money Market Placements	-	-	-	17,15
Financial Assets at Fair Value through Other Comprehensive Income	2,68	5,19	-	11,91
Loans	4,70	5,57	-	15,35
Financial Asset Measured at Amortized Cost	-	5,60	-	13,31
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,12	0,26	-	17,08
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	4,29	-	16,33
Borrower Funds	0,10	0,20	-	12,50
Funds Provided From Other Financial Institutions	1,06	1,49	-	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 consolidated stock position risk

The Group is exposed to equity shares risk arising from investments on firms traded in Borsa Istanbul (BIST). The Group classifies its share certificate investments both as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and net profit/loss of the Group is not affected unless the Group sells share certificates in financial assets at fair value through profit or loss portfolio.

Equity shares risk due from banking book

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

Current Period	**Comparison**		
Share Certificate Investments	**Book Value**	**Fair Value**	**Market Value**
Investment in Shares-Grade A	**575.612**	**-**	**947.398**
Quoted	575.612	-	947.398

Prior Period	**Comparison**		
Share Certificate Investments	**Book Value**	**Fair Value**	**Market Value**
Investment in Shares-Grade A	**559.300**	**-**	**1.075.082**
Quoted	559.300	-	1.075.082

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations related to consolidated stock position risk (continued)

Equity shares risk due from banking book (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.

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		**Total**	**Included in Core Capital**	**Total**	**Included in Core Capital**	**Included in Supplementary Capital**
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	92.061	92.061	-	-	-
Other Share Certificates	-	94.201	94.201	-	-	-
Total	**-**	**186.262**	**186.262**	**-**	**-**	**-**

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		**Total**	**Included in Core Capital**	**Total**	**Included in Core Capital**	**Included in Supplementary Capital**
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	106.442	106.442	-	-	-
Other Share Certificates	-	91.277	91.277	-	-	-
Total	**-**	**197.719**	**197.719**	**-**	**-**	**-**

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio

1. Explanations related to the consolidated liquidity risk:

1.a Information about the governance of consolidated liquidity risk management, including: risk tolerance; structure and responsibilities for consolidated liquidity risk management; internal consolidated liquidity reporting; and communication of consolidated 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 Parent Bank's liquidity risk capacity is determined by the Parent 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 Parent Bank also applies internal limits for monitoring and controlling the liquidity risk.

Considering the Parent 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 Parent 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 and Investor Relations 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 Parent Bank. The Parent Bank continues to manage LCR within the framework of risk appetite by keeping its high quality liquid assets at a sufficient level.
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. Reporting to the agency started as of 1 January 2021.

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 consolidated liquidity management and funding strategy and the functioning between the Parent Bank and the Parent 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 Parent Bank monitors the liquidity risk of each subsidiary within the defined limits.

1.c Information on the Parent 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 CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio (continued)

1. Explanations related to the consolidated liquidity risk (continued)

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

The Parent 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 consolidated liquidity risk mitigation techniques:

Liquidity limits are defined for the purpose of monitoring and keeping the risk under certain levels. The Parent Bank monitors those limits' utilization and informs the Board of Directors, the Parent 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 Parent 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 Parent Bank's scenarios. The results are analyzed by taking into account the risk appetite and capacity of the Parent 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 consolidated liquidity situation plans:

There is a Contingency Funding Plan for the contingent periods that arises beyond the Parent Bank's control. In a potential liquidity shortfall, Treasury Department is responsible from assessment, taking relevant actions and informing Parent Bank's 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 Parent 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 Parent 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.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio (continued)

2. Consolidated 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 consolidated foreign currency and total liquidity coverage ratios are shown below:

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
31/01/2021	342	283	187	193
28/02/2021	277	238	177	197
31/03/2020	303	238	231	246

		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			5.149.100	2.882.962
	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	2.066.293	1.397.670	1.648.752	990.215
6	Operational deposits	82.578	74.669	20.644	18.667
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	1.983.715	1.323.001	1.628.108	971.548
9	Secured funding			-	-
10	Other Cash Outflows	418.033	416.777	418.033	416.777
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	256.433	255.177	256.433	255.177
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	161.600	161.600	161.600	161.600
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	26.917.643	22.339.664	1.345.882	1.116.983
15	Other irrevocable or conditionally revocable commitments	11.542.902	9.863.181	1.517.976	1.149.203
16	**TOTAL CASH OUTFLOWS**			**4.930.643**	**3.673.178**
	CASH INFLOWS				
17	Secured Lending Transactions	13.087	-	-	-
18	Unsecured Lending Transactions	4.004.587	1.879.849	3.080.036	1.353.499
19	Other contractual cash inflows	215.485	1.276.759	215.485	1.276.759
20	**TOTAL CASH INFLOWS**	**4.233.159**	**3.156.608**	**3.295.521**	**2.630.258**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**5.149.100**	**2.882.962**
22	**TOTAL NET CASH OUTFLOWS**			**1.635.122**	**1.042.920**
23	**LIQUIDITY COVERAGE RATIO (%)**			**315**	**276**

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio (continued)

2. Consolidated 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			4.997.117	2.944.963
	CASH OUTFLOWS				
2	Retail and Customers Deposits	1	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	1	-	-	-
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.593.631	1.878.008	2.083.257	1.410.253
6	Operational deposits	78.520	69.244	19.630	17.311
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	2.515.111	1.808.764	2.063.627	1.392.942
9	Secured funding			-	-
10	Other Cash Outflows	406.530	527.005	406.530	527.005
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	214.319	334.794	214.319	334.794
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	192.211	192.211	192.211	192.211
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	29.416.447	24.952.180	1.470.822	1.247.609
15	Other irrevocable or conditionally revocable commitments	11.730.238	10.185.318	1.553.237	1.204.620
16	**TOTAL CASH OUTFLOWS**			**5.513.846**	**4.389.487**
	CASH INFLOWS				
17	Secured Lending Transactions	3.792	-	-	-
18	Unsecured Lending Transactions	3.659.852	1.613.304	2.821.122	1.062.396
19	Other contractual cash inflows	123.933	1.915.001	123.933	1.915.001
20	**TOTAL CASH INFLOWS**	**3.787.577**	**3.528.305**	**2.945.055**	**2.977.397**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**4.997.117**	**2.944.963**
22	**TOTAL NET CASH OUTFLOWS**			**2.568.791**	**1.412.090**
23	**LIQUIDITY COVERAGE RATIO (%)**			**195**	**209**

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and 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 Parent Bank is long term loans attained from international financial institutions. The ratio of those loans in total funding is around 65%. The total ratio of the securities issued in purpose of funding diversification and loans attained through syndication loans in overall borrowing is 32%. 3% of the Parent 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 Parent 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.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and 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	20	1.326.238	-	-	-	-	2	1.326.260
Banks	321.796	1.242.784	36.039	58.171	-	-	-	1.658.790
Financial Assets at Fair Value Through Profit and Loss (3)	18.987	462.978	482.253	808.274	13.638	-	-	1.786.130
Money Market Placements	-	775.189	585.714	633.538	-	-	-	1.994.441
Financial Assets at Fair Value Through Other Comprehensive Income	-	621	206.838	517.990	2.647.839	1.513.564	178.491	5.065.343
Loans	-	2.258.519	1.867.721	9.141.809	20.787.320	9.459.397	-	43.514.766
Financial Assets Measured at Amortized Cost	-	-	-	656.932	1.709.883	515.153	-	2.881.968
Other Assets (2)	-	314.065	50.499	290.336	77.696	-	722.440	1.455.036
Total Assets	**340.803**	**6.380.394**	**3.229.064**	**12.107.050**	**25.236.376**	**11.488.114**	**900.933**	**59.682.734**
Liabilities								
Bank Deposits								
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	236.993	1.407.266	4.702.694	15.419.843	14.127.371	-	35.894.167
Money Market Borrowings	-	593.109	-	-	-	-	-	593.109
Marketable Securities Issued (4)	-	493.007	2.702.177	3.024.302	9.129.430	-	-	15.348.916
Miscellaneous Payables	-	-	-	-	-	-	611.947	611.947
Other Liabilities	-	198.136	136.764	286.630	26.152	-	6.586.913	7.234.595
Total Liabilities	**-**	**1.521.245**	**4.246.207**	**8.013.626**	**24.575.425**	**14.127.371**	**7.198.860**	**59.682.734**
Liquidity Excess / Gap	**340.803**	**4.859.149**	**(1.017.143)**	**4.093.424**	**660.951**	**(2.639.257)**	**(6.297.927)**	**-**
Net Off-balance Sheet Position	**-**	**141.680**	**66.091**	**31.464**	**239.766**	**2.086**	**-**	**481.087**
Financial Derivative Assets	-	4.662.159	4.688.889	6.667.583	13.947.416	3.248.733	-	33.214.780
Financial Derivative Liabilities	-	4.520.479	4.622.798	6.636.119	13.707.650	3.246.647	-	32.733.693
Non-cash Loans	-	27.679	437.548	2.732.277	817.148	1.022.537	305.214	5.342.403
Prior Period								
Total Assets	146.643	5.893.052	3.540.606	7.272.320	23.819.125	10.462.842	1.296.332	52.430.920
Total Liabilities	-	2.638.638	977.505	7.739.996	21.366.667	12.669.288	7.038.826	52.430.920
Liquidity Excess / Gap	**146.643**	**3.254.414**	**2.563.101**	**(467.676)**	**2.452.458**	**(2.206.446)**	**(5.742.494)**	**-**
Net Off-balance Sheet Position	**-**	**(64.216)**	**117.953**	**(72.020)**	**46.037**	**7.774**	**-**	**35.528**
Financial Derivative Assets	-	1.986.891	2.085.736	5.536.697	15.268.806	3.179.750	-	28.057.880
Financial Derivative Liabilities	-	2.051.107	1.967.783	5.608.717	15.222.769	3.171.976	-	28.022.352
Non-cash Loans	-	260.744	336.541	2.535.054	525.831	978.073	302.595	4.938.838

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

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to consolidated leverage ratio

a) Information about the consolidated leverage ratio between current and prior periods

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.

Leverage ratio of the Bank calculated from the arithmetic average of the three months is 9,41% (31 December 2020: 9,41%). Total balance sheet assets increased by 4,69% compare to prior period.

b) Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS

		Current Period	Prior Period
1	Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS (2)	52.430.294	42.775.864
2	The difference between Total Amount of Asset in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks (2)	(7.252.440)	(9.655.056)
3	The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	(265.086)	(1.833.533)
4	The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	1.194.201	1.200.339
5	The difference between total amount and total risk amount of off-balance sheet transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	(5.123.679)	(4.895.145)
6	The other differences between amount of assets and risk in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	-	-
7	**Total Exposures (1)**	**65.531.836**	**63.317.246**

(1) The arithmetic average of the last 3 months in the related periods.

(2) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the communique on preparation of consolidated financial statements of the Banks. Consolidated financial statements prepared in accordance with TAS are not audited as of 31 December 2020 and 31 December 2019 figures are used for prior period.

c) Consolidated Leverage Ratio

		Current Period (1)	Prior Period (1)
	Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	56.084.598	53.546.721
2	(Assets deducted from Core Capital)	(150.255)	(118.123)
3	**Total risk amount of balance sheet assets (sum of lines 1 and 2)**	**55.934.343**	**53.428.598**
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	1.307.928	1.428.393
5	Potential credit risk amount of derivative financial assets and credit derivatives	461.204	405.140
6	**Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)**	**1.769.132**	**1.833.533**
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	486.753	477.433
8	Risk amount arising from intermediary transactions	136.884	208.372
9	**Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)**	**623.637**	**685.805**
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	12.328.403	12.264.455
11	(Correction amount due to multiplication with credit conversion rates)	(5.123.679)	(4.895.145)
12	**Total risk of off-balance sheet transactions (sum of lines 10 and 11)**	**7.204.724**	**7.369.310**
	Capital and total risk		
13	Core Capital	6.165.138	5.956.713
14	Total risk amount (sum of lines 3, 6, 9 and 12)	65.531.836	63.317.246
	Leverage ratio		
15	**Leverage ratio**	**9,41%**	**9,41%**

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED 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 Parent 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 process is structured within the scope of related policies and practice principals that creates a risk culture throughout the company and has a framework which is coherent with international regulations in the manner of evaluation, analyzing, monitoring, and reporting operations. Risk Management Department has been organized within the Parent 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 Parent 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 through the Executive Vice President for Internal Systems under the Audit Committee who serves independently from executive activities and executive units.

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 Parent 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.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to consolidated 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)	41.816.257	38.155.032	3.345.301
2	Standardised approach	41.816.257	38.155.032	3.345.301
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1.894.745	1.777.595	151.580
5	Standardised approach for counterparty credit risk	1.894.745	1.777.595	151.580
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	1.293.725	1.359.488	103.498
17	Standardised approach	1.293.725	1.359.488	103.498
18	Internal model approaches	-		-
19	Operational risk	3.282.394	2.526.013	262.592
20	Basic indicator approach	3.282.394	2.526.013	262.592
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	1.537.920	1.517.470	123.034
24	Floor adjustment	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**49.825.041**	**45.335.598**	**3.986.005**

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the consolidated 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	22	-	20	-
Balances with the Central Bank of Turkey	6.842	1.319.396	2.227	1.021.382
Other	-	-	-	-
Total	**6.864**	**1.319.396**	**2.247**	**1.021.382**

	Current Period(1)		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	6.842	10.880	2.227	10.138
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (2)	-	1.308.516	-	1.011.244
Total	**6.842**	**1.319.396**	**2.227**	**1.021.382**

(1) Deposits at Central Bank of Turkey held as reserve requirement.
Expected credit loss amounting to TL 707 (31 December 2020: 546) is allocated in "Balances with the Central Bank of Turkey".

As per the Communiqué numbered 2005/1 "Reserve Deposits" of Central Bank of Republic of Turkey (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 September 2018.

13,5 percent interest rate is applied to required reserves in Turkish lira, effective from 5 March 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 31 March 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

Reserve Rates for Foreign Currency Liabilities (%)	
Original Maturity	**Reserve Ratio**
Borrower Funds	19
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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated 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 Group has no financial assets designated at fair value through profit and loss given as collateral or blockage (31 December 2020: None).

2.b Information on financial assets designated at fair value through profit and loss given as repurchase agreements:

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

2.c Positive differences related to derivative financial assets:

	Current Period		Prior Period	
Derivative Financial Assets (1)	**TL**	**FC**	**TL**	**FC**
Forward Transactions	95.895	353	64.966	1.283
Swap Transactions	812.155	382.329	552.034	455.454
Futures Transactions	-	-	-	-
Options	-	1.991	-	4.070
Other	-	-	-	-
Total	**908.050**	**384.673**	**617.000**	**460.807**

(1) Derivative financial assets for hedging purposes amounting to TL 211.323 were presented at "Derivative Financial Assets" line (31 December 2020: 262.699).

The Parent Bank has entered into extinguishing cross-currency interest rate swaps as part of its strategy to hedge TL denominated fixed rate assets. These swap arrangements provide that, on the occurrence of certain credit-related events in relation to the company (such as failure to make a payment), the swap arrangements may immediately terminate with no further payments due and payable by either party. As of 31 March 2021, the fair value of such swaps is TL 336.561 income with a total outstanding notional amount of USD 95 million. The average maturity of such swaps range between 2022 and 2023 years.

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 31 March 2021, the Parent 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 as of year-end.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on banks and foreign bank accounts

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	119.500	817.202	86.932	175.458
Foreign	-	722.088	-	167.075
Branches and head office abroad	-	-	-	-
Total	**119.500**	**1.539.290**	**86.932**	**342.533**

Expected credit loss amounting to TL 1.975 (31 December 2020: TL 1.019) is allocated in "Banks".

3.b Information on banks and foreign bank accounts:

Not prepared in compliance with the Article 25 of the communique "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 given as repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	521.321	-	384.612	-
Treasury bills	-	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**521.321**	**-**	**384.612**	**-**

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

All financial assets at fair value through other comprehensive income given as collateral comprise of financial assets are issued by the T.R. Undersecreteriat of Treasury. The carrying value of those assets is TL 2.059.472.

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	885.068	1.174.404	814.409	1.092.241
Other	-	-	-	-
Total	**885.068**	**1.174.404**	**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 39,19%, Eurobonds 53,94% and shares and other securities 6,87%(31 December 2020: bonds 36,93%, Eurobonds 57,06% and shares and other securities 6,01%).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated 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	5.005.390	4.452.123
Quoted on a stock exchange	2.224.461	1.832.511
Unquoted	2.780.929	2.619.612
Share certificates	185.738	178.159
Quoted on a stock exchange	36.143	39.540
Unquoted	149.595	138.619
Impairment provision(-)	129.049	31.730
Other	3.264	3.587
Total	**5.065.343**	**4.602.139**

As of 31 March 2021, the net book value of unquoted financial assets at fair value through other comprehensive income share certificates of the Group is TL 139.085 (31 December 2020: TL 126.206).

5. Information on loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	332.331	-	294.689	-
Corporate shareholders	332.331	-	294.689	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	954	-	917	-
Total	**333.285**	**-**	**295.606**	**-**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations 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 and Other Receivables Under Close Monitoring		
			Amendments on Conditions of Contract	
Cash Loans		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	36.967.268	771.137	3.446.107	826.232
Working Capital loans	5.560.197	333.560	1.262.489	826.232
Export loans	894.530	-	113.695	-
Import loans	-	-	-	-
Loans given to financial sector	6.245.523	-	-	-
Consumer loans	954	-	-	-
Credit cards	-	-	-	-
Other	24.266.064	437.577	2.069.923	-
Specialized loans	-	-	-	-
Other receivables	388.669	-	-	-
Total	**37.355.937**	**771.137**	**3.446.107**	**826.232**

(1) According to Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 1.157.830 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations on loans (continued)

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

Prior Period (1)	Standard Loans	Loans and Other Receivables Under Close Monitoring		
			Amendments on Conditions of Contract	
Cash Loans		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	32.885.271	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	22.052.002	222.074	1.832.960	-
Specialized loans	-	-	-	-
Other receivables	355.611	-	-	-
Total	**33.240.882**	**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.

	Current Period		Prior Period	
	Standard Loans	Loans under Close Monitoring	Standard Loans	Loans under Close Monitoring
12 Months Expected Credit Loss	468.442	-	425.830	-
Significant Increase in Credit Risk	-	719.477	-	575.834

5.c Loans according to their maturity structure:

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations 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	69	885	954
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	69	885	954
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	**69**	**885**	**954**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations 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 Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
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 Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts- TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	**86**	**831**	**917**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations on loans (continued)

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

The Parent 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	42.248.285	37.352.071
Foreign Loans	151.128	132.939
Total	**42.399.413**	**37.485.010**

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	654.452	628.836
Indirect loans granted to subsidiaries and associates	-	-
Total	**654.452**	**628.836**

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

	Current Period	Prior Period
Loans and other receivables with limited collectability	408.577	401.917
Loans and other receivables with doubtful collectability	312.663	275.856
Uncollectible loans and other receivables	78.633	78.581
Total	**799.873**	**756.354**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations on loans (continued)

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

5.j.1 Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Gross amounts before provisions	126.869	843.269	35.791
Rescheduled loans	126.869	843.269	35.791
Prior Period			
Gross amounts before provisions	126.864	767.987	35.653
Rescheduled loans	126.864	767.987	35.653

5.j.2 Movement of non-performing loans:

	III. Group	IV. Group	V. Group
Current Period	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period End Balance	**761.282**	**844.026**	**84.490**
Additions (+)	1.228	-	421
Transfers from Other Categories of Non-performing Loans (+)	-	-	-
Transfers to Other Categories of Non-performing Loans (-)	-	-	-
Collections (-)	78.258	14	395
Write-offs (-)	-	-	-
Sold (-)			
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange Differences Related to Non-Performing Loans	5.220	76.879	138
Current Period End Balance	**689.472**	**920.891**	**84.654**
Provisions (-)	408.577	312.663	78.633
Net Balance on Balance Sheet	**280.895**	**608.228**	**6.021**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations on loans (continued)

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

5.j.2 Movement of non-performing loans (continued):

Prior Period	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Prior Period End Balance	**457.905**	**594.045**	**55.822**
Additions (+)	412.925	28.236	551
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	2.128
Write-offs (-)	-	-	-
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange Differences Related to Non-Performing Loans	(4.336)	177.570	666
Current Period End Balance	**761.282**	**844.026**	**84.480**
Specific Provisions (-)	401.917	275.856	78.581
Net Balance on Balance Sheet	**359.365**	**568.170**	**5.899**

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period			
Period End Balance	25.317	857.234	34.168
Specific Provision (-)	20.305	281.769	32.330
Net Balance on Balance Sheet	**5.012**	**575.465**	**1.838**
Prior Period			
Period End Balance	115.594	780.355	34.030
Specific Provision (-)	58.505	244.959	32.316
Net Balance on Balance Sheet	**57.089**	**535.396**	**1.714**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations on loans (continued)

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

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 and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	689.472	920.891	79.773
Specific Provision Amount (-)	408.577	312.663	73.751
Loans to Real Persons and Legal Entities (Net)	280.895	608.228	6.022
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	4.881
Specific Provision Amount (-)	-	-	4.881
Other Loans (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	761.282	844.026	79.635
Specific Provision Amount (-)	401.917	275.856	73.736
Loans to Real Persons and Legal Entities (Net)	359.365	568.170	5.899
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	4.845
Specific Provision Amount (-)	-	-	4.845
Other Loans (Net)	-	-	-

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)	**1.688**	**52.716**	**124**
Interest Accruals and Rediscount with Valuation Differences	5.220	76.879	138
Provision Amount (-)	3.532	24.163	14
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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	853.526	36.344	828.156	32.812
Subject to Repurchase Agreements	-	-	603.584	-
Total	**853.526**	**36.344**	**1.431.740**	**32.812**

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

	Current Period	Prior Period
Government Bonds	2.881.968	3.083.059
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**2.881.968**	**3.083.059**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Debt Securities		
Quoted on a Stock Exchange	2.483.208	2.719.902
Not Quoted	398.760	363.157
Value Increase /(Decrease)	-	-
Total	**2.881.968**	**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	49.033	64.029
Purchases During The Period	-	149.670
Disposals Through Sales And Redemptions	162.446	1.577
Valuation Effect	-	-
Interest Income Accruals	(87.678)	285.777
Balance at End of Period	**2.881.968**	**3.083.059**

Expected credit loss amounting to TL 4.117 is allocated in "Financial asset measured at amortized cost" (31 December 2020: TL 3.195).

7. Information on investments in associates (net):

7.a As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated associates and reason of unconsolidating:

Unconsolidated non-financial associates are valued at equity.

7.b Information on unconsolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
2	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/Turkey	10,05	20,10

Non-financial associates, as above, are not consolidated in accordance with the Communiqué on "Preparing Consolidated Financial Statements of the Banks".

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	Terme (1)	26.529	5.157	1.547	-	-	(58)	(50)	-
2	Ege Tarım	19.251	17.635	8.564	-	-	882	948	1.772

(1) Represents for the period ended 31 December 2020 financial statements. Prior year profit/loss is obtained from 31 December 2019 financial statements.

Information on associates disposed in the current period

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

Information on associates purchased in the current period

In the current period the Group has not purchased any associates.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on investments in associates (net) (continued) :

7.c Information on the consolidated 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)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	29,46	58,19
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	56,79

		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	4.671.848	490.749	4.751	141.108	-	41.312	1.881	106.738
2	İş Finansal	13.773.872	1.789.281	24.675	320.529	-	107.244	25.414	495.622
3	İş Girişim	266.871	263.082	1.263	2.046	38	(717)	1.014	43.847

	Current Period	Prior Period
Balance at the Beginning of the Period	**623.769**	**464.920**
Movements During the Period	22.438	158.849
Purchases	-	-
Bonus Shares Received	-	-
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase (1)	22.438	158.849
Provision for Impairment /cancellations	-	-
Balance at the End of the Period	**646.207**	**623.769**
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(1) It includes accounting diferences with equity method.
(2) Non-financial investments in associates amounting to TL 1.773 are not included in the table (31 December 2020 : TL 2.124).

Information on associates disposed in the current period

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

Information on associates purchased in the current period

In current period the Group has not purchased any associates.

7.d Sectoral information of consolidated associates and the related carrying amounts in the legal books:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	106.738	104.009
Leasing Companies	495.622	475.792
Financial Service Companies	-	-
Other Financial Associates	43.847	43.968

7.e Information on consolidated associates quoted on stock market:

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	539.469	519.761
Associates Quoted on Foreign Stock Markets	-	-

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information related to subsidiaries (net)

8.a Information related to equity component of subsidiaries:

Current Period (1)	**YF**	**TSKB GYO**	**Yatırım VKŞ**
	Current Period	**Current Period**	**Current Period**
CORE CAPITAL			
Paid-in Capital	63.500	500.000	150
Share Premium	-	864	-
Legal Reserves	6.887	8.726	-
Other Comprehensive Income according to TAS	25.984	-	-
Current and Prior Years' Profit / Loss	105.535	(56.902)	59
Leasehold Improvements (-)	464	-	-
Intangible Assets (-)	653	27	5
Total Core Capital	**200.789**	**452.661**	**204**
Supplementary Capital	**-**	**-**	**-**
Capital	**-**	**-**	**-**
Net Available Capital	**200.789**	**452.661**	**204**

(1) The information is obtained from financial statements subject to consolidation as of 31 March 2021.

Prior Period (1)	**YF**	**TSKB GYO**	**Yatırım VKŞ**
	Prior Period	**Prior Period**	**Prior Period**
CORE CAPITAL			
Paid-in Capital	63.500	500.000	150
Share Premium	-	864	-
Legal Reserves	4.724	8.726	-
Other Comprehensive Income according to TAS	37.982	-	-
Current and Prior Years' Profit / Loss	70.935	(44.950)	40
Leasehold Improvements (-)	459	-	-
Intangible Assets (-)	723	28	6
Total Core Capital	**175.959**	**464.612**	**184**
Supplementary Capital	**-**	**-**	**-**
Capital	**-**	**-**	**-**
Net Available Capital	**175.959**	**464.612**	**184**

(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 of 519 of the Turkish Commercial Code No 6102. The Parent Bank's internal capital adequacy assessment process is made annually on a consolidated basis. Consolidated subsidiaries and associates are included in the assessment.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information related to 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 unconsolidating 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 subsidiaries of the Parent Bank are not subject to minimum capital requirement.

8.c Information related to unconsolidated 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)	Istanbul /Türkiye	99,99	99,99
2	TSKB Sürdürülebilirlik Danışmanlığı A.Ş. (TSKB SD)	Istanbul/Türkiye	100	100

		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(1)(2)	27.470	22.880	1.514	464	-	832	1.102	22.880
2	TSKB SD	2.405	1.687	47	-	-	(392)	(24)	1.878

(1)The financial information of the consolidated subsidiaries are prepared in accordance with BRSA regulations.
(2) The information is obtained from financial statements as of 28 February 2021. Prior period profit / loss amount is obtained as of 29 February 2020.

8.d Information related to consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Yatırım Finansman Menkul Değerler A.Ş.(YF)	Istanbul /Turkey	95,78	98,51
2	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	89,13	89,45
3	Yatırım Varlık Kiralama A.Ş.	Istanbul/Turkey	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
YF (1)	1.336.618	201.906	12.943	32.987	775	30.553	7.735	192.816
TSKB GYO (1)	601.657	452.687	252	148	-	(11.952)	(23.445)	401.625
Yatırım VKŞ	669.107	209	5	-	-	19	7	-

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information related to subsidiaries (net) (continued)

8.e Information related to consolidated subsidiaries: (continued)

Unconsolidated movement related subsidiaries subjected to consolidation is as follows:

	Current Period	Prior Period
Balance at the Beginning of the Period	**581.897**	**378.504**
Movements During the Period	12.544	203.393
Purchases (2)	-	185.542
Bonus Shares Obtained	-	-
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation increase / decrease (1)	12.544	17.851
Provision for Impairment /cancellations	-	-
Balance At the End of the Period	**594.441**	**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 24.758 are not included in the table (31 December 2020: TL 25.031).
(3) At the Board of Directors meeting held on 30 November 2018, the Bank decided to purchase TSKB GYO A.Ş.'s shares traded on the stock exchange up to a nominal share of amounting to TL 10 million in the next year. The shares purchased within the scope of this program have been classified under the "Financial Assets at Fair Value through Profit and Loss". The shares which purchased transaction has been completed, were classified from the "Financial Assets at Fair Value through Profit Loss" to the "Subsidiaries" account in February 2020.
After the capital increase by TSKB GYO amounting to Full TL 200.000.000, the Bank acquired TSKB GYO shares in the amounting to TL 178.403.

According to the principles of consolidation accounting, the cost values of the consolidated subsidiaries have been deducted from the accompanying consolidated financial statements.

Subsidiaries disposed in the current period

In the current period, Yatırım Finansman Menkul Değerler A.Ş., sold its 2.525.106 dividend of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. shares in Borsa Istanbul.

Subsidiaries purchased in the current period

In the current period, the Group has not purchased any subsidiaries.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information related to subsidiaries (net) (continued)

8.f Sectoral information on consolidated subsidiaries 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	594.441	581.897

8.g Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	401.625	412.229
Quoted in Foreign Stock Exchange	-	-

9. Information related to entities under common control

TSKB GYO, one of the subsidiaries of the Parent Bank, established a joint venture with Bilici Yatırım Sanayi ve Ticaret A.Ş. in Adana under the name of Adana Otel Projesi Adi Ortaklığı ("Adana Hotel Project") on 26 May 2011 and Anavarza Otelcilik Anonim Şirketi on 27 March 2015.

The capital structure of the Adana Otel Projesi Adi Ortaklığı ("Adana Hotel Project") is designated as 50% of participation Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% of participation for TSKB GYO. The main operations of Adana Otel Projesi Adi Ortaklığı is to start, execute, and complete the hotel project which will be operated by Divan Turizm İşletmeleri A.Ş. (previous name "Palmira Turizm Ticaret A.Ş.").

The capital structure of Anavarza Otelcilik Anonim Şirketi is designated as 50% of participation Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% of participation for TSKB GYO. The main operations of Anavarza Otelcilik Anonim Şirketi is tourism oriented hotels, motels, accommodation facilities, gastronomy, sports, entertainment and health care.

Bilici Yatırım TSKB GYO Adana Otel Projesi Adi Ortaklığı Ticari İşletmesi, owned by TSKB GYO with 50%-50% Bilici Yatırım Sanayi ve Ticaret A.Ş has been transformed into a company named "Yarsuvat Turizm Anonim Şirketi" together with all its assets and liabilities, as a whole, by changing the type.

Transformation of Bilici Yatırım TSKB GYO Adana Otel Projesi Adi Ortaklığı Ticari İşletmesi to Yarsuvat Turizm Anonim Şirketi and after transformation transfer to Anavarza Otelcilik A.Ş. with all its assets and liabilities as a whole was completed with the Merger document of Adana Chamber of Commerce dated 20.12.2019 and numbered 9647.

	Total Assets	Equity	Total Fixed Assets	Interest Income	Securities Income	Current Year Profit /Loss	Prior Year Profit /Loss	Fair Value
Anavarza Hotelier Corporation	9.301	(1.166)	5.044	17	-	(29)	-	-

10. Information on finance lease receivables (net)

10.a Maturities of investments on finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	39.760	36.500	26.059	23.546
Between 1- 4 years	96.069	87.817	102.489	92.826
More than 4 years	111.596	95.892	103.933	89.354
Total	**247.425**	**220.209**	**232.481**	**205.726**

(1) Expected credit loss amounting to TL 47.430 (31 December 2020: TL 22.825) is allocated in "Lease Receivables ".

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Gross investments in finance leases	**247.425**	**232.481**
Unearned revenue from finance leases (-)	27.216	26.755
Cancelled finance leases (-)	-	-
Net investments in finance leases	**220.209**	**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 the Financial Leasing, Factoring and Financing Company Law No. 6361. There are no restructuring or restrictions having material effect on financial statements.

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

There is a positive differences amounting to TL 211.323 related to derivative financial assets for hedging purposes (31 December 2020: positive differences amounting to TL 262.699).

As of 31 March 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 Swap	17.056.900	211.323	-	15.214.012	262.699	-
FC	17.056.900	211.323	-	15.214.012	262.699	-
TL	-	-	-	-	-	-
Money Swap	5.080.169	-	(64.539)	4.626.754	-	(154.049)
FC	5.080.169	-	(64.539)	4.626.754	-	(154.049)
TL	-	-	-	-	-	-

11.a Information on fair value hedge accounting:

Current Period						
Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item (*)**	**Fair Value of Hedging Instrument (1)**		**Income St Effect (Profit/Loss Through Derivative Financial Instruments)**
				Asset	**Liability**	
Interest Rate Swap Transactions	Fixed Rate Eurobond and Green bond Issued	Interest Rate Risk	(168.724)	164.226	-	(4.498)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	(23.711)	22.888	-	(823)
Cross Money Swap Transactions	Fixed Rate Eurobond Issued	Interest Rate Risk	(48.897)	50.574	-	1.677

(1) The fair value of hedged item is presented as net market value less credit risk and accumulated interest.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Positive differences on derivative financial assets held for hedging purposes: (continued)

11.b Information on fair value hedge accounting (continued)

Prior Period						
Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item (1)**	**Fair Value of Hedging Instrument (1)**		**Income St Effect (Profit/Loss Through Derivative Financial Instruments)**
				Asset	**Liability**	
Interest Rate Swap Transactions	Fixed Rate Eurobond and Green bond Issued	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 Eurobond Issued	Interest Rate Risk	(54.959)	54.947	-	(11)

(1) The fair value of hedged item is presented as net market value less credit risk and accumulated interest.

12. Information on tangible assets (net)

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

13. Information on intangible assets

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

14. Information on investment properties

In the current period, the Group has three investment properties with a net book value of TL 280.058 (31 December 2020: TL 279.523) belonging to the Parent Bank's subsidiary operating in the real-estate investment trust sector. Investment properties movement table as of 31 March 2021 and 31 December 2020 is as follows:

Current Period	**Opening Balance of Current Period**	**Additions**	**Disposals**	**Change in Fair Value**	**Closing Balance of Current Period**
Tahir Han	37.195	-	-	-	37.195
Pendorya Mall	158.430	534	-	-	158.964
Adana Divan Hotel	83.898	-	-	-	83.898
Total	**279.523**	**534**	**-**	**-**	**280.057**

Prior Period	**Closing Balance of Prior Period**	**Additions**	**Disposals**	**Change in Fair Value**	**Closing Balance of Prior Period**
Tahir Han	36.960	-	-	235	37.195
Pendorya Mall	155.555	4.046	-	(1.171)	158.430
Adana Divan Hotel	81.403	-	(172)	2.667	83.898
Total	**273.918**	**4.046**	**(172)**	**1.731**	**279.523**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated 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 Group 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	21.924	22.687
Other provisions	283.059	234.627
Employee benefit provision	4.683	4.178
Marketable securities	72.885	28.888
Useful life difference of fixed assets	-	333
Other (1)	15.022	13.671
Total Deferred Tax Asset	**397.573**	**304.384**
Deferred tax liabilities:		
Marketable securities	(963)	(1.142)
Borrowings commissions accrual adjustment	(21.046)	(16.122)
Valuation of derivative instruments	(183.240)	(102.189)
Useful life difference of fixed assets	(1.757)	-
Others	(6.489)	(11.020)
Total Deferred Tax Liability	**(213.495)**	**(130.473)**
Net Deferred Tax Asset	**184.078**	**173.911**

(1) Since the Bank is in financial loss as of the 1st Temporary Tax Period of 2021, a deferred tax asset of TL 4.395 has been created (31 December 2020: None). In the other item, there is also a deferred asset related to hedge accounting amounting to TL 4.742 (31 December 2020:TL 8.209).

	Current period	**Prior period**
Deferred Tax as of 1 January Asset / (Liability) - Net	173.911	39.930
Deferred Tax (Loss) / Gain	(42.413)	145.851
Deferred Tax that is Realized Under Shareholder's Equity	52.580	(11.870)
Deferred Tax Asset / (Liability) Net	**184.078**	**173.911**

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:

There is no temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods. (31 December 2020: None).

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

There is no allowance for deferred tax and deferred tax assets from reversal of allowance (31 December 2020: None).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

16. Explanations on assets held for sale:

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

The Parent 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 Parent 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 Parent 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: None).

II. Explanations and disclosures related to the consolidated liabilities:

1. Information on maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Parent Bank is not authorized to accept deposits.

1.a.2 Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding the limit of deposit insurance fund:

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

2. Negative differences table related to derivative financial liabilities:

Derivative Financial Liabilities (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	95.056	341	63.711	1.253
Swap Transactions	146.923	305.616	262.653	389.244
Futures Transactions	-	-	-	-
Options	-	1.933	-	4.070
Other	-	-	-	-
Total	**241.979**	**307.890**	**326.364**	**394.567**

(1) Derivative financial liabilities for hedging purposes amounting to TL 64.539 (31 December 2020: TL 154.049) were presented at "Derivative Financial Liabilities" line.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosure related to the consolidated liablities (continued)

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	-	80.012	29.000	276.973
From Foreign Banks, Institutions and Funds	175.556	35.638.599	90.985	31.935.252
Total	**175.556**	**35.718.611**	**119.985**	**32.212.225**

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	41.617	29.000	100.498
Medium and long-term	175.556	35.676.994	90.985	32.111.727
Total	**175.556**	**35.718.611**	**119.985**	**32.212.225**

3.c Information about the marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	1.085.836	11.564.000	514.482	7.701.750
Cost	1.069.049	11.498.870	512.718	7.657.597
Book Value	972.881	11.847.091	441.111	8.021.275

As of 18 May 2016, selling of Greenbond which was issued by the Bank amounting to USD 300 Million, 5 years maturity and for financing the green and sustainable projects. The return of these bonds which have the redemption date of 18 May 2021 and 5 years maturity is determined as 5,048% and the coupon rate as 4,875%.

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 23 January 2025 with fixed interest rate, 5 years maturity and semiannual coupon payment

Yatırım Finansman Menkul Değerler A.Ş. issued debt instruments with a nominal value of 360.000 TL as of 12 January 2021 and 10 February 2021 and a simple interest rate of 18,70 and 17,80, with a maturity date of 13 April 2021 and 26 May 2021, with a maturity of 91 and 105 days.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

3.c Information about the marketable securities issued (continued)

Information on securities issued during the period are as follows :

ISIN Code	Fund User	Issue Amount(TL)	Issue Date	Redemption Date
TRDYVKSA2119	Palmet Gaz Grup A.Ş.	150.000.000	27/12/2019	24/12/2021
TRDYVKS32217	Altınmarka Gıda San. ve Tic. A.Ş.	75.000.000	11/03/2020	09/03/2022
TRDYVKS62115	Zorlu Enerji Elektrik Üretim A.Ş.	50.000.000	03/06/2020	02/06/2021
TRDYVKSA2119	Zorlu Enerji Elektrik Üretim A.Ş.	40.000.000	06/08/2020	02/02/2021
TRDYVKSE2214	MNG Kargo Yurtiçi ve Yurtdışı Taşımacılık A.Ş.	75.000.000	14/10/2020	12/10/2022
TRDYVKS42117	Zorlu Enerji Elektrik Üretim A.Ş.	35.000.000	23/10/2020	07/04/2021
TRDYVKS12326	MLP Sağlık Hizmetleri A.Ş.	70.000.000	15/01/2021	12/01/2023
TRDYVKS72114	Zorlu Enerji Elektrik Üretim A.Ş.	50.000.000	02/02/2021	30/07/2021
TRDYVKS32225	MLP Sağlık Hizmetleri A.Ş.	150.000.000	12/03/2021	14/03/2022

(*)The amount of thousand of TL 49.661 included in the portfolio of Group is eliminated in financials.

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

Not prepared in compliance with the Article 25 of the communique "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: None).

5. Explanations on financial lease obligations (net)

5.a Explanations on finance lease payables:

The Group has no finance lease payables (31 December 2020: None).

5.b Explanations regarding operational leases:

As of the reporting date, 1 head office building, 9 branches, 22 cars, and 362 computers of the Group companies are within the context of operational leasing. (31 December 2020:2 head office building, 8 branches, 24 cars, and 327 computers are subject to operational leasing). In the current period, the Bank has Lease liability within the scope of TFRS16 amounting to TL 4.673 related to operational lease transactions (31 December 2020 : TL 4.394).

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

The Group has no sale and lease back transactions as of the reporting date (31 December 2019: None).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Negative differences table related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (1)	-	64.539	-	154.049
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	**-**	**64.539**	**-**	**154.049**

(1) Derivative financial liabilities for hedging purpose is classified in "Derivative Financial Liabilities" line in the balance sheet.

7. Information on provisions

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

As of the reporting date, the Parent Bank has no foreign exchange losses on the foreign currency indexed loans amount (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 1.235 (31 December 2020: TL 1.220).

The Bank has an expected loss provision amounting to TL 33.028 for non-cash loans (31 December 2020: TL 31.962)

7.c Information related to other provisions:

7.c.1 Provisions for possible losses:

Free provision amounting to TL 250.000 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: 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 TAS 19 and reflected the calculated amount to the financial statements.

As of 31 March 2021, employee termination benefits is amounting to TL 16.825 (31 December 2020: TL 16.468) and unused vacation amounting to TL 6.965 (31 December 2020: TL 4.673) is classified under reserve for employee benefits in the financial statements.

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

Other provisions, except to free provisions for possible losses which mentioned at 7.c.1, includes amount to TL 33.028 for general provision for non-cash loans. (31 December 2020: TL 31.961 provision for the risks of loan portfolio).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on tax liability

8.a Information on current tax liability

8.a.1 Information on tax liability:

	Current Period		Prior Period	
Corporate Taxes and Deferred Taxes	TL	FC	TL	FC
Corporate Tax Liability	10.645	-	136.723	-
Deferred Tax Liability	-	-	1.508	-
Total	**10.645**	**-**	**138.231**	**-**

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	10.645	136.723
Taxation of Securities	2.361	4.915
Capital gains tax on property	-	-
Banking and Insurance Transaction Tax (BITT)	7.836	9.188
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	361	660
Other	16.773	2.974
Total	**37.976**	**154.460**

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	298	203
Social Security Premiums-Employer	340	234
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	118	68
Unemployment Insurance-Employer	234	135
Other	-	29
Total	**990**	**669**

8.b Explanations on deferred taxes liabilities:

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

9. Information on liabilities regarding assets held for sale

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

11. Information 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).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on shareholders' equity (continued)

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

The Parent Bank has no capital commitments in the last fiscal year and at the end of the following interim period (31 December 2020: None).

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, the profitability and liquidity of the Parent Bank and their trends in the successive periods are followed by Budget Planning and Investor Relations Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under several different scenario analyses. The Parent Bank operations are profitable and the Parent Bank keeps the major part of its profit by capital increases or capital reserves within the shareholders' equity.

11.g Information on preferred shares:

The Parent 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 (1)	**94.218**	**-**	**110.697**	**-**
Financial Assets at Fair Value Through Profit or Loss	**53.308**	**(85.901)**	**37.946**	**123.093**
Valuation Differences	7.432	(85.901)	(1.905)	123.093
Foreign Exchange Difference	45.876	-	39.851	-
Total	**147.526**	**(85.901)**	**148.643**	**123.093**

(1) The amounts of the investments valued according to the equity method are included in other comprehensive income.

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.

12. Informations on minority shares:

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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Letter of Credit	488.710	438.411
Commitments for Stock Brokerage Purchase and Sales	338.356	149.937
Commitments for Money Market Brokerage Purchase and Sales	157.734	191.340
Commitments for Forward Purchase and Sales of Assets	148.960	99.130
Capital commitments for Subsidiaries and Associates (1)	135.616	127.172
Commitments for Forward Short Term Borrowing and Trasnfers	58	-
Other	479.130	597.652
Total	**1.748.564**	**1.603.642**

(1) It includes the remaining amount of the Parent Bank to commit purchase the shares of the fund as established with the name of Turkish Growth and Innovation Fund – TGIF which is planned to be created by the European Investment Fund – EIF.

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 credits, surety and acceptance amount to TL 3.397.703 (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 is TL 1.944.698 (31 December 2020: TL 2.086.162).

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	1.391.868	1.322.992
With Maturity of One Year or Less than One Year	188.728	175.969
With Maturity of More than One Year	1.203.140	1.147.023
Other Non-Cash Loans	3.950.533	3.615.846
Total	**5.342.401**	**4.938.838**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities (continued)

1.c.2 Information on sectoral risk breakdown 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. Information 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.

4. Explanations on contingent liabilities and assets

There are 71 legal cases against the Group which are amounting to TL 5.317 as of the reporting date (31 December 2020: TL 6.024 - 70 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Parent 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 Parent 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 Parent Bank relying on this report.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Explanations on contingent liabilities and assets (continued):

Some of the lawsuits are decided favorable, remaining of lawsuits are decided unfavorable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Parent Bank against the decision of the Court with respect to the Parent 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 Parent Bank are accrued by administration depending on legal process and as of 31 July 2014 the Parent 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 parent Bank in relation to the parent Bank's liabilities 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 Parent Bank was contrary to the principle of legality and the Parent Bank's property rights has been violated. This decision is considered to be a precedent for the Parent Bank and an amount of TL 12.750 corresponding to the portion that the Parent Bank was obliged to pay for the related period is recognized as income in the prior period.

There is a lawsuit for Pendorya Mall of TSKB GYO registered in Pendik, Doğu District, plot 105, map 865, parcel 64 against IBB and Karacan Yapı at Pendik 2nd Court of First Instance Pendorya Mall claiming the road intersects his own property and demanding compensation amounting to TL 7. TSKB GYO has been involved in the lawsuit as intervening party.

Relating to immovable property, subject of litigation discovery review and expert reports were submitted to the court file. Objections to the report and statement of TSKB GYO has been given. IBB Presidency has declared that expropriation proceedings related to the subject have been initiated. For this reason, lawsuit was removed from "Possessory Actions" and converted to the "Confiscating without expropriating" by the judge.

Accepting in the new case, the plaintiff claimed compensation from the Administration and in order to determine the amount of compensation the Court decided an expert examination since the information provided by the Land Registry and the Municipality was not deemed sufficient. Expert reports submitted to the Court on 30 May 2013 and the Court decided to add Pendik Municipality as a defendant in the case. At the latest hearing on 24 December 2013 it was decided to accept the expert reports and Pendik Municipality to pay the relevant amount (TL 645) to the plaintiff. The reasoned decision has been notified, the decision which has been appealed by the appellant and the respondent Pendik Municipality has turned deteriorate the Supreme Court decision was a request for the correction requested by the İstanbul Metropolitan Municipality (IMM). The decision has been requested adjustment by IMM and plaintiff Sağlam Satış ve Paz. A.Ş. (Malazlar A.Ş.). Breaking decision of the Supreme Court is expected to evaluate the requests for correction of decision. The Court decided to apply of Supreme Court's decision to dismiss. The notification of reasoned decision is expected.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Explanations on contingent liabilities and assets (continued):

Beyoğlu Municipality approved the reclaim of TSKB GYO for the Building II which has the location as 1486 map and 76 parcel in Fındıklı in Beyoğlu, Istanbul for the forfeiture because of zoning change. However, Municipality of Beyoğlu sued because of no approbation by Istanbul Metropolitan Municipality, in order to keep rights on the subject.

The court made a decision as no solution for the relevant claim due to Beyoğlu Municipality approved the reclaim. However, there has to be permission by Istanbul Metropolitan Municipality, and Cultural and Natural Heritage Preservation Board for the exact result. Thats why, decision was appealed by the company. The Council of State reversed the judgement based on unappropriate zoning plan changes with the decision of 28 March 2014. In addition, a new implementation development plan covering the Fındıklı Building II, which has been canceled by the judicial authorities and which is owned by TSKB GYO, is being prepared by the Municipality of Beyoğlu on December 21, 2010, the 1/1000 Scaled Beyoğlu District Protected Urban Site Protected Development Plan. For this content, TSKB GYO's application were made in writing to the Beyoğlu Municipality on 28 October 2014 in order to plan by taking into account the 1/1000 Scale Implementation Plan which is being prepared by the Municipality of Beyoğlu and the Istanbul Metropolitan Municipality. The court requested the Municipality to ask the plan including the immovable subject to the decision of the Council of State is still in force as a result of the decision of dismissal and that the plan canceled by the court in the letter sent from the Municipality is still valid answered in the form. In the case which was started to discuss again in court; an expert opinion examination was made. The Court has ruled in favor of the Bank by canceling the administrative proceeding. In the legal period, the appeal law was appealed by the Beyoğlu Municipality and was sent to the Council of State upon the decision of the Court of Appeal by the Court of Appeal. The decision of the Council of State for the cancellation of the administrative act in favor of the Group was approved and the decision became final.

A lawsuit was filed by one of the investors of TSKB GYO on the cancellation of the 5th, 7th and 9th articles decided at the Ordinary General Assembly meeting on 27 April 2018. Although the request for the case was demanded to stop the execution of the 5th and 7th articles, the request for interim injunction requested for the suspension of the execution was rejected and an appeal was filed by the plaintiff. The trial is ongoing. The decision of the Council of State for the cancellation of the administrative act in favor of the Group was approved and the decision became final.

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

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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the consolidated 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	79.041	38.826	24.745	31.789
Medium and Long Term Loans	79.774	442.702	90.785	421.816
Interest on Non-performing Loans	12	3.554	1.066	449
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	**158.827**	**485.082**	**116.596**	**454.054**

(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)	99	-	-	-
Domestic Banks	2.790	1.660	1.819	1.828
Foreign Banks	-	294	220	3.375
Branches and Head Office Abroad	-	-	-	-
Total	**2.889**	**1.954**	**2.039**	**5.203**

(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	775	-	522	-
Financial Assets at Fair Value Through Other Comprehensive Income	61.720	41.226	83.341	28.626
Financial Assets Measured at Amortized Cost	89.288	712	78.929	1.564
Total	**151.783**	**41.938**	**162.792**	**30.190**

As indicated in accounting policies, the Parent Bank evaluate its Consumer Price Indexed (CPI) goverment bonds which are in securities portfolio of the Parent 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 31 March 2021 the valuation of these securities has been calculated by using the estimated annual inflate on rate 11,8%.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the consolidated 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 and Commission Income	6.488	4.577

2. Information on interest expense

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	6.723	35.719	7.724	35.708
The Central Bank of Turkey	-	-	-	-
Domestic Banks	2.978	960	5.077	6.195
Foreign Banks	3.745	34.759	2.647	29.513
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	89.206	697	120.659
Total (1)	**6.723**	**124.925**	**8.421**	**156.367**

(1) Commissions given to the Banks and Other Institutions are presented under interest expense.

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

There is no interest expense to its associates and subsidiaries (31 March 2020: None).

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on securities issued (1)	11.669	213.346	-	165.757

(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	**1.285.138**	**1.485.941**
Gains on capital market operations	632	736
Gains on derivative financial instruments (1)	1.114.110	1.280.196
Foreign exchange gains	170.396	205.009
Losses (-)	**1.256.114**	**1.496.635**
Losses on capital market operations	927	1.244
Losses on derivative financial instruments (1)	550.775	1.116.885
Foreign exchange losses	704.412	378.506

(1) Foreign exchange gain from derivative transactions amounting to TL 750.010 is presented in "Gains on derivative financial instruments" (31 March 2020: TL 523.060), foreign exchange loss from derivative transactions amounting to TL (247.225) is presented in "Losses on derivative financial instruments" (31 March 2020: TL (380.542)).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	28.286	29
Gains on Sale of Assets	72	59
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	-	-
From Property Sales	72	59
From Other Asset Sales	-	-
Other	158.881	9.470
Total	**187.239**	**9.558**

(1) It also includes the income amount of TL 146.298 related to the intermediary issues of Yatırım Varlık Kiralama A.Ş. The same amount is included in other operating expenses as well, and it is shown as gross without netting for reporting purposes.

6. Expected Credit Losses and Other Provision Expenses of the Group

	Current Period	Prior Period
Expected Credit Loss	260.754	175.492
12 Months Expected Credit Loss (Stage 1)	44.463	69.934
Significant Increase in Credit Risk (Stage 2)	144.220	67.003
Non-performing Loans (Stage 3)	72.071	38.555
Marketable Securities Impairment Expenses	56.738	48.460
Financial Assets at Fair Value through Profit or Loss	55.173	40.833
Financial Assets at Fair Value through Other Comprehensive	1.565	7.627
Associates, Subsidiaries, and Entities under Common Control (Joint Venture)	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other (1)	30.000	-
Total	**347.492**	**223.952**

(1) As of the reporting date the free provision expense for possible losses amounting to TL 30.000 has ben incurred (31 March 2020: None).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information related to other operating expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	473	363
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	2.119	4.798
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	643	582
Impairment on Subsidiaries Accounted for Under Equity Method	-	-
Impairment on Assets for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Assets Held for Sale	-	-
Other Operating Expenses	14.446	10.835
Rent Expenses	413	213
Maintenance Expenses	731	692
Advertisement Expenses	221	310
Other Expenses	13.081	9.620
Loss on Sales of Assets	-	-
Other (1)	153.812	19.440
Total	**171.493**	**36.018**

(1) Includes TL 146.298 of expense related to the intermediary issues of Yatırım Varlık Kiralama A.Ş. The same amount is included in other operating income as income, and is shown as gross without netting for reporting purposes.It Includes TL 2.243 excluding corporate tax tax and fees and TL 2.308 leave provision expense (31.12.2020:It ıncludes tax and fee expenses excluding corporate tax amounting to TL 2.385 and vacation provisions expense: TL 1.843).

8. Information on tax provision for continued and discontinued operations

As of 31 March 2021 profit before tax of the Group has increased by 42,06% as compared to the prior period (31 March 2020: 11,46 % increase). In comparison with the prior period, the Group's net interest income has increased by 24,20% (31 March 2020: 9,09% decrease).

9. Information on tax provision for continued and discontinued operations

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

The Group's current tax charge for the period is TL 11.317 (31 March 2020: TL 2.134). Deferred tax expense is TL 42.413 (31 March 2020: TL 45.260 deferred tax expense).

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

Deferred tax expense calculated on temporary differences is TL 42.413 (31 March 2020: TL 45.260 deferred tax expense).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on tax provision for continued and discontinued operations (continued)

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

According to the Tax Procedure Law as of 31 March 2021, financial loss was calculated in the first temporary corporate tax period of 2021 and deferred tax income of TL 4.395 was created. (31 March 2020: 13.338 deferred tax income).

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

The Group is increased the net profit by 51,10% for the period ended 31 March 2021 compared to prior period.

11. Information on net profit/loss

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

The Group has generated TL 937.063 of interest income, TL 378.533 of interest expenses, TL 35.206 of net fee and commission income from banking operations (31 March 2020: TL 788.893 interest income, TL 339.203 interest expenses, TL 36.403 net fee and commission income).

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

There are no changes in the accounting estimates (31 March 2020: None).

11.c Minority share of profit and loss:

The current year profit attributable to minority shares is TL 36 (31 March 2020: TL 2.082 loss). The total shareholders' equity, including current year profit attributable to minority shares is TL 56.801 (31 March 2020: TL 34.602).

12. 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

	Current Period	Prior Period
Gains on Other Fees and Commissions		
Gains on Brokerage Commissions	24.067	15.121
Commissions from Initial Public Offering	1.730	476
Investment Fund Management Income	1.300	1.050
Other	6.342	9.597
Total	**33.439**	**26.244**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations on the risk group of the Parent Bank

1. Information on the volume of transactions related to the Parent 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 Parent Bank(1)	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Factors in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	628.837	515	294.689	-	24.747	-
Balance at the end of the period	654.452	81.254	332.331	-	26.806	-
Interest and commission income received	5.004	1	2.734	-	280	-

(1) Mutual transactions between the Parent Bank and its fully consolidated subsidiaries are eliminated.

1.b Prior period:

Risk Group of the Parent Bank(1)	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Factors in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	545.560	27.938	118.394	-	39.529	-
Balance at the end of the period	628.837	515	294.689	-	24.747	-
Interest and commission income received(2)	4.434	143	2.117	-	596	-

(1) Mutual transactions between the Parent Bank and its fully consolidated subsidiaries are eliminated.

(2) Includes information for 31 March 2020.

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

The Parent Bank is not authorized to accept deposits.

2. Information on forward and option agreements and other similar agreements made with related parties

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Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Factors 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	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss (1)	7.962	15.247	-	-	-	-
Hedging Risk Transactions	209	(15.920)	-	-	-	(915)
Beginning of the Period		-				-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(1) Includes information for 31 March 2020.

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

Benefits provided to key management personnel in the current period amount to TL 9.686 (31 March 2020: TL 9.279).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and notes related to subsequent events:

In accordance with Article 14 of the Law on the Procedure for the Collection of Public Receivables and the Law Amending Certain Laws submitted to the Turkish Grand National Assembly on 2 April 2021, the corporate tax rate, which is currently 20%, is 25% for corporate earnings in 2021 and corporate income for 2022. It was proposed to be applied at a rate of 23% and was published in the Official Gazette dated 22 April 2021 and numbered 31462. The corporate tax rate, which was 20% with the adopted law, will be applied at the rate of 25% for 2021 corporate earnings and 23% for 2022 corporate income. This article will enter into force on the date of its publication, starting from the declarations that must be submitted as of 1 July 2021 and to be valid for the corporate earnings for the taxation period starting from 1 January 2021. The Bank has taken into account the 20% corporate tax rate while preparing its financial statements as of 31 March 2021.

SECTION SIX

AUDITORS' LIMITED REVIEW REPORT

I. Explanations on the auditors' limited review report

The consolidated financial statements for the period ended 31 March 2021 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A Member firm of Ernst & Young Global Limited) and Auditors' Report dated 3 May 2021 is presented in the consolidated financial statements.

II. Explanations and notes prepared by independent auditors

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

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.*

Changes in Board of Directors During The Period

Adnan Bali was elected as the Chairman of the Board and Cengiz Yavilioğlu was elected as Board Member on 25 March 2021 in which the duties of H. Ersin Özince and Yavuz Canevi were expired.

The Resume of Adnan Bali and Cengiz Yavilioğlu are as follows:

Adnan Bali
Chairman of the Board
Adnan Bali was born in 1962 in İslahiye.

His banking career began in 1986 at İşbank by joining the Board of Inspectors as Assistant Inspector after graduating from Middle East Technical University in Ankara with a BS degree in Economics in 1986.

After working at various managerial positions at İşbank, Mr. Adnan Bali was promoted to the post of Deputy Chief Executive in 2006. Having served as the Chief Executive Officer of İşbank since 1 April 2011, Mr. Bali has been elected as the Chairperson of İşbank as of 1 April 2021. Throughout his career, Mr. Bali has attended to various training programs held abroad, including an executive program at Harvard Business School in Boston Massachusetts.

Having served as TSKB's Chairperson of the Board of Directors between 2011 and 2017, Mr. Bali has been reelected as of 31 March 2021.

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT (Continued)

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

Cengiz Yavilioğlu

Board Member

Cengiz Yavilioğlu, Economist Dr., holds a degree in Public Administration from Istanbul University. Mr. Yavilioğlu completed his master's degree in International Finance at Istanbul University and his doctoral studies in International Economics at Cumhuriyet University. He worked as a Research Assistant at Cumhuriyet University Department of Economics, later as Visiting Professor at The Turkish National Police Academy Faculty of Security Sciences, and as Deputy Chairman of Trustees at Rauf Denktaş University.

Mr. Yavilioğlu worked as the Head of the Finance and Fund Management Department at the Privatization Administration. He also served as Chairman and/or Board Member at the following companies: the Black Sea Copper Enterprises AŞ, Turkey Maritime Organization AŞ, TEDAŞ Meram Electricity Distribution AŞ, TEDAŞ Çamlıbel Electricity Distribution AŞ, Ankara Doğal Electricity Generation and Trade AŞ, TÜPRAŞ and Turkey Sugar Factories AŞ.

He was elected as the 24th term AK Party Erzurum deputy. He served as the Deputy Chairman in charge of Economic Affairs in Justice and Development Party, a Member of the Plan and Budget Committee of the Turkish Grand National Assembly, and as a Member of the Coups and Memoranda Research Committee. He also worked as the Deputy Minister of Finance in the 64th and 65th Governments. He has been appointed as the Deputy Minister of Treasury and Finance on 30 January 2021. Cengiz Yavilioğlu was appointed as a TSKB Board Member on 25 March 2021.

Information on the Bank's Board Meetings

The Board of Directors issued 14 decisions in the period between 1 January 2021 – 31 March 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
B. Gökhan Çanakpınar	Executive Vice President - Building Management and Administrative Affairs, System Support and Operation, Application Development
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
H. Yetkin Kesler	Executive Vice President - Human Resources, Enterprise Architecture and Process Management, Pension and Assistance Funds
Meral Murathan	Executive Vice President - Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, Engineering and Technical Advisory

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT (Continued)

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

Changes in Senior Management and Directors During Period

There has been no change in the Bank's Senior Management and Directors within first quarter.

ASSESSMENTS OF THE CHAIRMAN OF THE BOARD FOR THE PERIOD

Pandemic continues to weight on both national and international economic agenda in 2021.

While global uncertainties about the course of the pandemic are still apparent, its impact on national economies in 2020 encouraged central banks all around world to implement quantitative easing policies and it is observed that this approach is still maintained by developed countries in 2021. In the second half of 2020, it has become a necessity in certain emerging markets and in our country to tighten monetary policies because of rising inflationist effects, and our economy administration continued to take necessary actions during the first quarter of 2021 to uphold price stability.

We are dedicated to support our national development together with all our stakeholders thanks to our sustainable and inclusive growth vision to ensure that our country shall make use of global economic recovery to maximum extent as global economy is expected to gain momentum as of the second half of 2021 as a result of the launched vaccination programs and ongoing lockdown measures.

While downwards risks over the economic outlook remain significant in the first quarter of 2021, leading economic indicators point out that the slowdown is rather limited. We observe that our banking industry which welcomed 2021 under global pandemic conditions uphold their strong capital structure. We forecast that recovery in economic activities and investment-oriented loan demand will be stronger in the second half of the year as a larger part of the society will be vaccinated. The banking industry has completed the majority of debt reorganizations in the last two years, and made a strong start in 2021 owing to strong coverage ratios based or prudent approaches. I believe that we can leave behind this challenging period if all actors in the economy work in harmony. I hope that we will overcome the pandemic and the destructive impacts caused by it.

Our Bank has guided our nation's investment policies and customers throughout and supported national economies thanks to its affordable financing products thanks to its experience and know-how of the past 70 years. Applauding the sustainability as the benchmark for its strategy, our Bank will continue to consolidate its contribution to the fight against climate crisis and to support national sustainable growth and development in Turkey.

Yours Sincerely,

Chairman of the Board

Adnan Bali

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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)

In TSKB, our journey maintains its momentum following the successful integration of sustainability to our entire banking model at an early period. During this pandemic we are going through, we are witnessing that climatic risks and sustainable investments have become more important than ever. Thanks to advanced stages of vaccinations and global recovery, we started 2021 with a brisk upwards demand in loans.

In TSKB, we managed to do undersign significant accomplishments in 1Q2021 although the impact of the pandemic was still prevalent. We have proudly issued the first green and sustainable bonds in our country and regional geography five years ago which immediately was followed by the first subordinated sustainable bonds. Thus, we are highly pleased on behalf of our nation to welcome 2021 with a new issue of sustainable bonds coordinated by 7 international banks. In our opinion, 6 times demand for our transaction, which is hailed as the first bond issue of the year, is a major showcase of the investor trust in our country and bank. We will have raised additional sources for investments towards environmental and social development from proceeds from this successful issue which was very popular with hedge funds supporting green and social investments as these funds made up one-third of the complete demand.

In March, we submitted our Integrated Annual Report certified by 2020 Global Reporting Initiative for the review of our stakeholders. In addition to the fact that they represent the most important tool in communication with our stakeholders, our integrated reports are drawn up in synergy with the involvement of all study groups under TSKB Sustainability Committee. This year, we built a structure that would allow the review of our Integrated Report via a digital assistant in line with our digitalization strategy and thanks to dedicated works of our employees. This way, our stakeholders will be able to have access to any information they seek about our Bank in a faster and more comprehensive manner.

Having successfully completed the first Sukuk issue in natural gas distribution, food and cargo sectors in Turkey, our Bank successfully completed the first Sukuk issue in healthcare industry in Turkey early 2021 and our Bank once more showcased its pioneering role in the industry. We successfully executed the first tranche issue in the amount of TL 70 million under TL 500 million Sukuk Issue Program on behalf of MLP Care. Our Bank will continue its efforts for a green transformation in its capital markets and remain the primary solution partner thanks to new products.

We released the second issue of the report titled "Climate Review", a quarterly published report under our Green Swan Platform, in the first quarter of 2021. We will continue to put the spot lights onto the sustainability efforts thanks to these reports, which serve as an important communication tool to share our know-how with our stakeholders.

During the 1Q2021 where uncertainties due to the pandemic remained endemic, our Bank once more published strong set of financial results. Our Bank's total asset size reached TL 60 billion and our total

loan portfolio totaled TL 44 billion as it depicts our direct contribution to the real economy in the first quarter. In addition to the financing of investments in different industries under the inclusive theme as well as renewable energy projects, our Bank support the needs for ever-increased working capital needs of its customers driven by pandemic.

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

Our Bank posted TL 227 million of net profit during the same period and our Bank's shareholders' equity reached TL 6 billion.

In line with our development banking mission, we will remain dedicated to keeping a close eye on local and global regulations and diversifying our operations in the field of sustainability to make our stakeholders get prepared for new circumstances that can face in the medium and long term in particular. We will continue to support our economy and green transformation through investment banking and consultancy channels on top of our financing models.

Yours Sincerely,

CEO

Ece Börü

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

I. 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

Economic Developments in the First Quarter of 2021

While COVID-19 continued its fast spread all over the world in 1Q2021, vaccinations have continued despite certain setbacks and at a pace that differs from country to country. Because of uncertainties regarding the course of the pandemic, downward risks maintained their hold on the global outlook in the short term while ongoing vaccinations support global growth expectations in the long term. Notwithstanding the foregoing, the latest published data indicate that global economic activities have a stronger course compared to the anticipation, and supply-side constraints as well as delayed supply times have caused cost increases and inflationist worries. Early April, International Monetary Fund (IMF) revised its global growth forecasts upwards in its Global Economic Outlook report. While in its report IMF indicates that higher vaccination rates help the sentimental confidence recover more briskly, the uncertainties over global outlook still maintain their high momentum because of the course of the pandemic. IMF forecasts a 6,0% and 4,4% growth in 2021 and 2020, respectively, following a 3,3% downsize in 2020 in global economy, it stated that these forecasts were higher by 0,5 and 0,2 percent basis, respectively, compared to its previous forecasts in January. It also commented that following the rise of inflation in the short term due to high level of commodity prices, it will approximate to its long-term averages due to idle capacity in the economy.

In line with global trends, COVID-19 pandemic gained momentum in Turkey as well and current lockdown measures in place mean that downward risks on its economic outlook are still critical. Despite this, economic activities managed to maintain their strength by the end of 2020. During the last quarter of 2020, the gross domestic product GDP) net of its seasonal and calendar effects grew by 1,7% on a year over year basis while the GNP minus calendar effect grew by 5,8% on an annual basis. According to gross data, the GNP growth turned out to be 5,9% in the last quarter on a year-on-year basis, and the growth during the entire 2020 turned out to be 1,8%. Based on these results, the GDP downsized to USD 717,0 billion from USD 760,8 billion dollrs (the end of 2019) and the income per capita was calculated as USD 8 thousand 599 in 2020. The highest contribution to the growth throughout the year on the expenditures side was from private sector consumption while foreign trade demand restricted the growth. In terms of business lines, despite the curbing effect from services, the highest support was from financial and insurance industries. Contributions from the industry and agriculture were at moderate levels.

Leading indicators for 1Q2021 point out that the economic slowdown is rather limited. Industrial production grew on a monthly basis by 0,9% and 0,1% in January and February, respectively, while retail sales recorded a growth on a monthly basis of 0,6% and 3,4%, respectively. The labor market, on the other hand, reflects a rather mixed picture because of the pandemic and lockdown measures. According to data net of seasonality, the unemployment rate which was 12,7% by the end of 2020 rose to 13,4% as of February, and the broadly-defined unemployment indicators maintained their high levels. Results for March from the PMI (Purchasing Managers' Index), manufacturing in Turkey and capacity utilization ratio and confidence indexes as well as banking industry loan volume point out that foreign trade support the improvement in economic activities despite a weak domestic demand. The slowdown in domestic demand is coupled with the retarded outcome of interest rate increases towards the end of 2020 on financial costs in addition to the pandemic-induced lockdown measures.

We have seen a gradual improvement in budget dynamics in the first quarter thanks to the rising inflationist trends and public saving trends as well as the fact that domestic demand keeps up its pace. Revenues rose by 34,6% on a yearly basis in the first quarter while this growth hit 12,6% in expenditures. Thus, the budget balance which had a deficit of TL 29,6 billion in the 1Q2020 turned out to be a TL 22,8 billion plus on a year-over-year basis in 2021. The non-interest surplus rose to TL 71,7 billion from TL 8,7 billion. On the revenues side, non-tax revenues display a more limited increase compared to the last year, and on the expenses side, the acceleration in interest expenses curbed the budget performance improvement.

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

I. 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 Quarter of 2021 (continued)

Despite the increase in international energy prices and the slowdown in domestic demand, the fact that foreign demand for manufacturing industry maintained its pace balances out the risks in current deficit. According to the leading data published by the Ministry of Trade, exports during January-March 2021 rose by 17,25% compared to the same period of 2020 the increase in imports was merely 9,67%. This way, the foreign trade deficit narrowed down by 15,16%. However, because of the pandemic and lockdown measures, losses in service revenues, including, in particular, tourism revenues, curb the improvement in foreign balance. 12-month total current account deficit rose to USD 37,8 billion by the end of February from USD 36,8 billion at the end of 2020, the core current surplus bar gold and energy fell down to USD 6,1 billion from USD 9,8 billion. As the risks on foreign trade deficit are rather more balanced because of existing international conditions and a slowdown in domestic demand, the course of the pandemic will continue to be important in terms of revenues, and incidentally, the performance of the current balance.

Actions taken by Turkish Central Bank to tighten its monetary policy continued through the first quarter of 2021; but rolling-over effects of other cost elements plus FX rate hikes and global effects drive the rising trends in inflation. General consumer prices index (CPI), which was 14,6% by the end of 2020 jumped to 16,2% in March partly due to the low basis effect from the last year. During the same period, the core inflation (index C) rose from 14,3% to 16,9% and the annual inflation in food prices slowed down to 17,8% from 21,2%. The annual inflation in general domestic producer prices index (DPPI), which was 25,1% at the end of 2020 rose to 31,2% in March while the manufacturing sector PPI annual inflation jumped to 34,0% from 27,3%. While inflation dynamics reflect a moderate slow-down sign in February and March, the volatility in FX rates as well as cost factors and expectations continue to flame up upwards risks in inflation.

Because of upwards risks in inflationist outlook, TCB did not give up its tight position in January and February as well, it was underlined that this policy will be maintained for a long time and additional tightening measures will be taken if necessary. Notwithstanding this fact, in March, TCB applied an additional tightening in its monetary policy due to a higher volatility in financial markets because of global inflation worries and domestic inflationist risks, and hiked the interest rates to 19,0% from 17,0% by the end of 2020. In its April meeting, TCB did not change interest rates in harmony with expectations but removed the verbal guiding words "towards tight position" by amending its statement.

Markets

The optimism that was fueled up by the beginning of vaccinations in global market following November 2020 and by no-longer existing election uncertainties in the USA spilled over to a greater part of January and February. Not only did data published in that course point out that global economic slowdown was rather restricted but also supporting monetary and fiscal policies in developed markets as well as quantitative liquidity enhancement played a significant role, while risk appetite was at a satisfactory level, there was a strong capital flow to emerging markets. As March started, increased worries about the global inflation created an upwards pressure in global interest rates, including US bonds market. While policy makers tried to cool of the tension by underlining the argument that the increase in inflation was rather due to temporary factors, the volatility in financial markets and capital flows rose. Positive expectations in global growth and high corporate profits supported equity markets while a hike in interest rates put a sales pressure on currencies of emerging economies.

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

Economic Developments in the First Quarter of 2021 (continued)

Despite growths in financial markets in January and February, Turkish financial assets were an under sales pressure in line with global trends in March. Due to these trends, Borsa Istanbul 100 and 30 indexes lost values by 5,8% and 12,6%, respectively, in the first quarter. During the same quarter, the drop-in banking sector reached 30,9%. While currency rates continued to appreciate, dollar/TL FX rate was appreciated by 13,4% and Euro/TL rate by 8,5% compared to the end of 2020. The compound interest rate of 2-year benchmark bonds jumped to 19,2% by the end of the first quarter from 15,0%.

Banking Sector

During the 1Q2021, loans rose by 4,7% in nominal terms and by 2,6% in FX adjusted basket rate in the banking industry; the annual FX adjusted loan increase slowed down to 19% from 23% compared to the end of 2020. TL loans rose by 2,4% in the first quarter of 2021 while the increase in FX loans was 3%, In terms of amount, 42% of the loan increase in the first quarter was from corporate TL loans while 31% was from corporate FX loans and 27% was from personal loans, which actually reflect increase in consumer loans and credit card debts.

Corporate loans dropped by 1,2% in nominal terms partly due to the effect of portfolio sales in non-performing loans in the first quarter of the year. The rate of non-performing loan rates in the sector dropped to 3,8% by the end of the first quarter to 4,0% at the end of 2020. It is observed that because of non-performing loan coverage ratio which rose to 77% by the end of March, the industry maintains its cautious standing.

It was observed during the same period that deposits, which were the main funding source, rose by 1,2% FX adjusted terms. During the first quarter, TL deposits rose by 5,2% while FX deposits dropped by 2,1% FX adjusted terms. It was been that the industry's TL loan/deposit ratio first rose to 150% by the end of 2020 but downsized to 147% by the end of March excluding development banks.

GENERAL ASSEMBLY DECISIONS

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

The 2020 Ordinary General Assembly Meeting was held with the participation of 183.034.200.171 shares corresponding to a total share capital of TL 1.830.342.001,713 out of 280.000.000.000 shares corresponding to the Bank's total share capital of TL 2.800.000.000, while 170.381.646.097 shares corresponding to a share capital of TL 1.703.816.460,974 were represented physically and 12.652.554.073 shares corresponding to a share capital of TL 126.525.540,739 were represented in the electronic environment. The participation rate was 65%.

The agenda items discussed and approved by the shareholders during the meeting are as follows:

• Chairing Committee of the Meeting was founded as required under the Bank's Articles of Association. It has been accepted with majority of the votes that the Meeting's Chairing Committee be authorized for the execution of meeting minutes.

• It has been accepted with majority of the votes that the Bank's Annual Report of the Board of Directors and Independent Audit Report related to its accounts and transactions in 2020 be read out and discussed.

• It has been accepted with majority of the votes that the Bank's 2020 balance sheet and profit-loss account be examined, negotiated, and approved.

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

GENERAL ASSEMBLY DECISIONS(Continued)

• It has been accepted with majority of the votes that Mehmet Şencan, Can Yücel, Ahmet Hakan Ünal and Suat İnce who resigned from their Member of the Board positions be replaced by Mahmut Magemizoğlu, Ozan Uyar, Bahattin Özarslantürk and Ece Börü, respectively.

• It has been accepted with majority of the votes that the Board Members be released of their obligations.

• It has been accepted with majority of the votes that the profit be added to the shareholders' equity in line with our Dividend Distribution Policy considering the developments in our country and the world, the Bank's long-term growth objectives and the need to maintain the strong position of shareholder's equity, as well as the assessments made by the Banking Regulation and Supervision Agency on our sector. The General Assembly was provided with information on the bonus payments made to the employees in 2020, as well as those required to be made in 2021.

• The remuneration to be paid to the Members of the Board has been approved with majority of the votes.

• The election of the Board Members and Mithat Rende as independent member has been approved with majority of the votes.

• It has been accepted with majority of the votes that the Independent Auditing Company be chosen.

• The General Assembly was informed on the donations made within the year. In addition, the upper limit of the donations to be made in 2021 has been approved with majority of the votes.

• It has been accepted with majority of the votes that Board Members be authorized to perform the transactions listed in Articles 395 and 396 of the Turkish Commercial Code.

• The General Assembly has also been informed on the transactions set forth in Article 1.3.6 of the Capital Market Board's Series II-17.1 Corporate Governance Communiqué.

HIGHLIGHTS FROM THE BANK'S OPERATIONS DURING THE INTERIM PERIOD

TSKB started 2021 by issuing a 5-year sustainable Eurobond in the amount of USD 350 million. The sustainable Eurobond issue that was executed on 14 January 2021 was the third sustainable bond issue by TSKB since 2016 and it is also the first Eurobond issue this year out of Turkey.

The Bank played an active role in development and advisory banking areas in addition to its corporate banking operations during the first quarter with a focus on climate change financing and inclusiveness themes.

TSKB successfully completed its first Sukuk issue in the healthcare industry in Turkey in January, which is a pioneering move in the investment banking business line.

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

Developments Regarding the Bank's Corporate Governance Operations

The Bank's "Corporate Governance Compliance Report" and "Corporate Governance Information Forms" were published on the Public Disclosure Form on 2 March 2021. These reports are available at https://www.kap.org.tr/en/Bildirim/914646 and https://www.kap.org.tr/en/Bildirim/914648

2020 Integrated Annual Report, which includes information on the performance of TSKB in 2020 and the Annual Report of the Board of Directors for the 1 January - 31 December 2020 period, was also published on the Public Disclosure Platform on the same date. This report was drafted in accordance with the International Integrated Reporting Framework and the Core Option of the GRI Reporting Guidelines published by the Global Reporting Initiative (GRI). Financial information was subjected to independent audit, and limited assurance service was received for non-financial data. The report is available at https://www.kap.org.tr/en/Bildirim/914644.

FINANCIAL DEVELOPMENTS IN THE INTERIM PERIOD

Below is a summary of major consolidated financial indicators of the Bank as of 31 March 2021. Its total asset size reached TL 59,7 billion, indicating a 25,2% increase year on year and a 13,8% increase on quarter.

The total loan portfolio turned out to be TL 44,3 billion as of the end of March and marking a 28,5% increase on a year-over-year basis and 12,5% increase relative to the year end. To note, the share of loans in assets is 74,3%. On the other hand, the ratio of non-performing loans to total loans fell down to 3,8% as of the end of March.

Shareholders' equity rose by 17,8% on a year-over-year basis and marked a decrease of 0,9% compared to the end of 2020, resulting in TL 6,1 billion. Capital adequacy ratio observed to be 19,4% by the end of 2020 was 18,4% by the end of March.

During the first quarter of 2021, net interest revenues reached TL 558,5 million with a 24,2% surge and fees and commissions dropped to TL 35,2 million by a decline of 3,3%. Cost-income ratio which was 11,2% in 2020 inched down to 11,5% during the first quarter of 2021.

During the first quarter of 2021, net profit rose to TL 227,1 million by a 51,1% increase on a year over year basis.

Return on equity ratio which was 13% in 2020 reached 14,9% during 1Q2021.

Return on assets ratio which was 1,6% by the end of 2020 maintained unchanged during the 1Q2021.

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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