

Türkiye Sınai Kalkınma Bankası Anonim Şirketi

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

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

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

INTERIM REVIEW REPORT

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

Introduction

We have reviewed the unconsolidated statement of financial position of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") at 31 March 2021 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the 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 unconsolidated 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 unconsolidated financial statements described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. at 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.

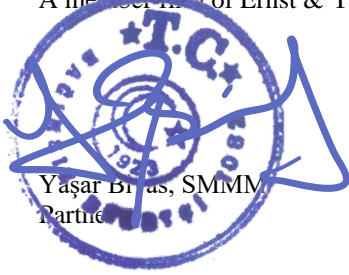
Report on other regulatory requirements arising from legislation

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 unconsolidated financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English

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

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



3 May 2021
İstanbul, Türkiye

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**


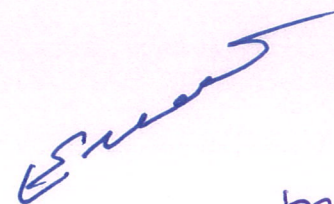
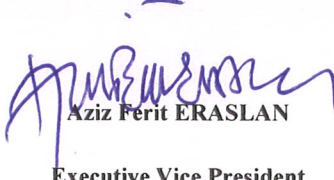

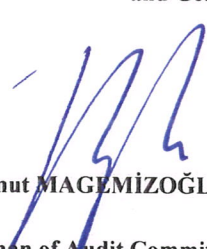
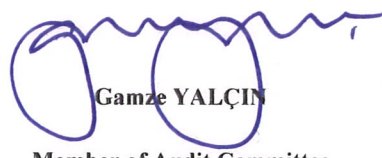
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The unconsolidated financial report for the three months includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking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

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

The accompanying unconsolidated financial statements and the explanatory footnotes and disclosures for the 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 BALI	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 : Ayşe Nazlıca / Head of Financial Institutions and Investor Relations
Telephone Number : (212) 334 51 94

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2021

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

The Bank shares are traded in Istanbul Stock Exchange ("BIST") since 26 December 1986. The Bank's 50,92% of the shares belongs to İş Bank Group and 38,88% of these shares are in free floating and traded in BIST Star Market with "TSKB" ticker.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY- 31 MARCH 2021
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)
GENERAL INFORMATION (Continued)

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

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)
Adnan Bali (2)	Chairman of the Board of Directors
Mahmut Magemizoğlu	Vice Chairman of the Board of Directors and Chairman of the Audit Committee
Ece Börü	Member of 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 carried out in the Bank based on the 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY- 31 MARCH 2021

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

Yatırım Finansman Menkul Değerler A.Ş. :

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY- 31 MARCH 2021

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

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.

İş Finansal Kiralama A.Ş. :

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

İş Faktoring A.Ş. :

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

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

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

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

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2021

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

ASSETS	Section 5 Note I	Reviewed Current Period 31 March 2021			Audited Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		5.234.249	6.219.834	11.454.083	3.999.712	4.873.494	8.873.206
1.1 Cash and Cash Equivalents		2.077.921	2.538.783	4.616.704	1.480.897	1.190.161	2.671.058
1.1.1 Cash and Balances with Central Bank	(1)	6.859	1.319.396	1.326.255	2.244	1.021.382	1.023.626
1.1.2 Banks	(3)	80.383	1.220.214	1.300.597	55.795	169.352	225.147
1.1.3 Money Market Placements		1.990.889	-	1.990.889	1.422.996	-	1.422.996
1.1.4 Expected Credit Losses (-)		210	827	1.037	138	573	711
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	-	263.097	263.097	-	263.097	263.097
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	263.097	263.097	-	263.097	263.097
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	2.248.278	2.822.294	5.070.572	1.906.122	2.696.730	4.602.852
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		59.894	90.030	149.924	62.062	77.152	139.214
1.3.3 Other Financial Assets		203.042	-	203.042	148.666	-	148.666
1.4 Derivative Financial Assets	(2)	908.050	595.660	1.503.710	612.693	723.506	1.336.199
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		908.050	595.660	1.503.710	612.693	723.506	1.336.199
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		6.902.655	38.026.255	44.928.910	7.705.331	32.745.881	40.451.212
2.1 Loans	(5)	4.986.602	38.823.272	43.809.874	5.514.640	33.400.020	38.914.660
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 (-)		567.155	1.415.986	1.983.141	529.211	1.223.022	1.752.233
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	(16)	64.403	-	64.403	64.403	-	64.403
3.1 Held for Sale Purpose		64.403	-	64.403	64.403	-	64.403
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.267.179	-	1.267.179	1.232.821	-	1.232.821
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)	619.199	-	619.199	606.928	-	606.928
4.2.1 Unconsolidated Financial Subsidiaries		594.441	-	594.441	581.897	-	581.897
4.2.2 Unconsolidated Non-Financial Subsidiaries		24.758	-	24.758	25.031	-	25.031
4.3 Entities under Common Control (Joint Venture) (Net)		-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(12)	89.270	-	89.270	89.720	-	89.720
VI. INTANGIBLE ASSETS (Net)	(13)	3.610	-	3.610	3.304	-	3.304
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		3.610	-	3.610	3.304	-	3.304
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		385	-	385	-	-	-
IX. DEFERRED TAX ASSET	(15)	179.444	-	179.444	175.421	-	175.421
X. OTHER ASSETS (Net)	(17)	141.708	156.485	298.193	117.404	458.868	576.272
TOTAL ASSETS		13.882.903	44.402.574	58.285.477	13.388.116	38.078.243	51.466.359

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED 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	35.682.278	35.857.834	119.985	32.176.978	32.296.963
III.	MONEY MARKET BALANCES		23.256	450.774	474.030	721.536	323.705	1.045.241
IV.	MARKETABLE SECURITIES ISSUED (Net)	(3)	-	11.847.091	11.847.091	-	8.021.275	8.021.275
4.1	Bills		-	-	-	-	-	-
4.2	Assets Backed Securities		-	-	-	-	-	-
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)	228.364	372.093	600.457	326.364	548.616	874.980
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		228.364	372.093	600.457	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)	26.663	-	26.663	26.425	-	26.425
X.	PROVISIONS	(7)	273.095	30.206	303.301	240.684	29.593	270.277
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		19.038	-	19.038	17.096	-	17.096
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		254.057	30.206	284.263	223.588	29.593	253.181
XI.	CURRENT TAX LIABILITY	(8)	24.138	-	24.138	147.991	-	147.991
XII.	DEFERRED TAX LIABILITY	(8)	-	-	-	-	-	-
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		171.813	339.424	511.237	141.233	115.810	257.043
XVI.	SHAREHOLDERS' EQUITY		6.122.743	(85.901)	6.036.842	5.981.463	123.093	6.104.556
16.1	Paid-in capital	(11)	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2	Capital Reserves		374	-	374	374	-	374
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		374	-	374	374	-	374
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		121.614	1.627	123.241	124.204	(765)	123.439
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		92.107	(87.528)	4.579	101.816	123.858	225.674
16.5	Profit Reserves		2.882.741	-	2.882.741	2.222.240	-	2.222.240
16.5.1	Legal Reserves		374.794	-	374.794	338.153	-	338.153
16.5.2	Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3	Extraordinary Reserves		2.429.386	-	2.429.386	1.805.526	-	1.805.526
16.5.4	Other Profit Reserves		2.920	-	2.920	2.920	-	2.920
16.6	Profit Or Loss		225.907	-	225.907	732.829	-	732.829
16.6.1	Prior Years' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Year Profit/Loss		225.907	-	225.907	732.829	-	732.829
TOTAL LIABILITIES AND EQUITY			7.053.588	51.231.889	58.285.477	7.711.956	43.754.403	51.466.359

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED 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			
Section 5								
OFF BALANCE SHEET		Note III	TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		8.074.182	70.074.639	78.148.821	6.358.023	60.441.052	66.799.075
I.	GUARANTEES AND COLLATERALS	(1)	471.405	4.870.998	5.342.403	356.059	4.582.781	4.938.840
1.1	Letters of Guarantee		309.531	1.635.169	1.944.700	356.059	1.730.105	2.086.164
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		309.531	1.635.169	1.944.700	356.059	1.730.105	2.086.164
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	Documentary 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)	620.988	6.236.957	6.857.945	674.463	5.268.401	5.942.864
2.1	Irrevocable Commitments		126.374	592.340	718.714	124.557	553.859	678.416
2.1.1	Forward Asset Purchase and Sale Commitments		16.474	132.486	148.960	9.512	90.579	100.091
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		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		105.840	328.298	434.138	115.045	336.108	451.153
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)	6.981.789	58.966.684	65.948.473	5.327.501	50.589.870	55.917.371
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		6.981.789	36.829.615	43.811.404	5.327.501	30.749.104	36.076.605
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		5.757.391	35.168.995	40.926.386	4.632.583	29.814.290	34.446.873
3.2.2.1	Foreign Currency Swap-Buy		316.866	9.281.890	9.598.756	264.164	6.861.632	7.125.796
3.2.2.2	Foreign Currency Swap-Sell		5.102.303	3.891.643	8.993.946	4.368.419	2.503.402	6.871.821
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		48.130	314.142	362.272	142.970	134.964	277.934
3.2.3.1	Foreign Currency Options-Buy		24.065	157.071	181.136	71.485	67.482	138.967
3.2.3.2	Foreign Currency Options-Sell		24.065	157.071	181.136	71.485	67.482	138.967
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		66.094.962	458.919.307	525.014.269	66.624.295	416.277.357	482.901.652
IV.	ITEMS HELD IN CUSTODY		552.241	90.762	643.003	821.679	143.519	965.198
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		20.081	90.762	110.843	24.389	143.519	167.908
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		58.521.737	362.033.210	420.554.947	59.072.459	327.909.328	386.981.787
5.1	Marketable Securities		456.247	-	456.247	456.248	-	456.248
5.2	Guarantee Notes		89.716	1.683.035	1.772.751	80.240	1.616.133	1.696.373
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		8.297.717	97.821.580	106.119.297	8.235.107	89.251.431	97.486.538
5.6	Other Pledged Items		49.678.057	262.528.595	312.206.652	50.300.864	237.041.764	287.342.628
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)			74.169.144	528.993.946	603.163.090	72.982.318	476.718.409	549.700.727

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR 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		Reviewed Current Period 1 January 2021 – 31 March 2021	Restated Reviewed Prior Period 1 January 2020 – 31 March 2020(*)
	Note		
I. INTEREST INCOME	(1)	905.416	776.854
1.1 Interest on Loans		617.048	559.699
1.2 Interest Received from Reserve Deposits		99	-
1.3 Interest Received from Banks		2.967	6.875
1.4 Interest Received from Money Market Placements		89.775	14.160
1.5 Interest Received from Marketable Securities Portfolio		192.946	192.555
1.5.1 Fair Value Through Profit or Loss		-	5
1.5.2 Fair Value Through other Comprehensive Income		102.946	112.057
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		730	1.481
II. INTEREST EXPENSES (-)	(2)	353.251	328.707
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		129.530	157.875
2.3 Interest on Money Market Borrowings		4.949	3.501
2.4 Interest on Securities Issued		213.346	164.419
2.5 Leasing Interest Expense		1.717	2.336
2.6 Other Interest Expense		3.709	576
III. NET INTEREST INCOME (I - II)		552.165	448.147
IV. NET FEES AND COMMISSIONS INCOME / EXPENSES		10.717	21.549
4.1 Fees and Commissions Received		13.656	23.199
4.1.1 Non-cash Loans		6.780	13.603
4.1.2 Other		6.876	9.596
4.2 Fees and Commissions Paid (-)		2.939	1.650
4.2.1 Non-cash Loans		340	427
4.2.2 Other		2.599	1.223
V. DIVIDEND INCOME	(3)	2.708	4.274
VI. NET TRADING INCOME	(4)	33.385	7.986
6.1 Securities Trading Gains / (Losses)		1.316	557
6.2 Derivative Financial Instruments Gains / Losses		553.663	155.822
6.3 Foreign Exchange Gains / Losses (Net)		(521.594)	(148.393)
VII. OTHER OPERATING INCOME	(5)	29.392	1.043
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		628.367	482.999
IX. EXPECTED CREDIT LOSSES (-)	(6)	316.497	223.342
X. OTHER PROVISION EXPENSES (-)	(6)	30.000	-
XI. PERSONNEL EXPENSES (-)		41.537	33.574
XII. OTHER OPERATING EXPENSES (-)	(7)	21.311	23.780
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		219.022	202.303
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV. PROFIT / (LOSS) ON EQUITY METHOD		55.442	(3.446)
XVI. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		274.464	198.857
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	48.557	45.121
18.1 Provision for Current Income Taxes		-	-
18.2 Deferred Tax Income Effect (+)		119.694	165.937
18.3 Deferred Tax Expense Effect (-)		71.137	120.816
XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(9)	225.907	153.736
XX. INCOME ON DISCONTINUED OPERATIONS		-	-
20.1 Income on Assets Held for Sale		-	-
20.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
20.3 Income on Other Discontinued Operations		-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Loss from Assets Held for Sale		-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
21.3 Loss from Other Discontinued Operations		-	-
XXII. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Provision for Current Income Taxes		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(10)	225.907	153.736
Earning / (loss) per share		0,081	0,055

(*) The restatement for the previous period is for the Bank's application of TAS 27 and explained in Section 3, Note XXIII

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THREE-MONTH PERIOD THEN ENDED 31 MARCH 2021***(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

	Reviewed Current Period 1 January 2021 – 31 March 2021	Restated Reviewed Prior Period 1 January 2020 – 31 March 2020 (*)
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. CURRENT PERIOD INCOME / LOSS	225.907	153.736
II. OTHER COMPREHENSIVE INCOME	(220.338)	(173.934)
2.1 Not Reclassified Through Profit or Loss	757	(1.633)
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	757	(1.633)
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2 Reclassified Through Profit or Loss	(221.095)	(172.301)
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	(263.224)	(224.041)
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)	(2.586)
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	52.580	49.284
III. TOTAL COMPREHENSIVE INCOME (I+II)	5.569	(20.198)

() The restatement for the previous period is for the Bank's application of TAS 27 and explained in Section 3, Note XXIII.***The accompanying notes are an integral part of these unconsolidated financial statements.**

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED 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								
Restated (*)																										
Prior Period – 31 March 2020																										
I.	Prior Period End Balance		2.800.000	-	-	374	40.908	(1.082)	861.053	20.714	28.008	-	1.215.276	701.645	-	5.666.896	-	5.666.896								
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	(826.726)	-	-	23.468	229.066	74.439	-	(499.753)	-	(499.753)								
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	(826.726)	-	-	23.468	229.066	74.439	-	(499.753)	-	(499.753)								
III.	Adjusted Beginning Balance (I+II)		2.800.000	-	-	374	40.908	(1.082)	34.327	20.714	28.008	23.468	1.444.342	776.084	-	5.167.143	-	5.167.143								
IV.	Total Comprehensive Income		-	-	-	-	-	-	(1.633)	5.042	(174.757)	(2.586)	-	-	153.736	(20.198)	-	(20.198)								
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		-	-	-	-	-	-	-	-	-	-	76.870	(74.439)	-	2.431	-	2.431								
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	701.645	(701.645)	-	-	-	-								
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	701.645	(701.645)	-	-	-	-								
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Period-End Balance (III+IV+.....+X+XI)			2.800.000	-	-	374	40.908	(1.082)	32.694	25.756	(146.749)	20.882	2.222.857	-	153.736	5.149.376	-	5.149.376								

(*) The restatement for the previous period is for the Bank's application of TAS 27 and explained in Section 3, Note XXIII.

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 Transition Differences

5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income

6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED 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	-	-	374	50.809	1.664	70.966	39.852	74.928	110.894	2.222.240	732.829	-	6.104.556	-	6.104.556							
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
III.	Adjusted Beginning Balance (I+II)		2.800.000	-	-	374	50.809	1.664	70.966	39.852	74.928	110.894	2.222.240	732.829	-	6.104.556	-	6.104.556							
IV.	Total Comprehensive Income		-	-	-	-	-	-	757	6.025	(210.644)	(16.476)	-	-	225.907	5.569	-	5.569							
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
VII.	Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
XI.	Profit Distribution		-	-	-	-	(955)	-	-	-	-	-	660.501	(732.829)	-	(73.283)	-	(73.283)							
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(73.283)	-	(73.283)	-	(73.283)							
11.2	Transfers to Reserves		-	-	-	-	(955)	-	-	-	-	-	620.501	(619.546)	-	-	-	-							
11.3	Other		-	-	-	-	-	-	-	-	-	-	40.000	(40.000)	-	-	-	-							
Period-End Balance (III+IV+.....+X+XI)			2.800.000	-	-	374	49.854	1.664	71.723	45.877	(135.716)	94.418	2.882.741	-	225.907	6.036.842	-	6.036.842							

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 unconsolidated financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2021

(Amounts are 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		857.609	205.798
1.1.1 Interest Received		889.958	642.583
1.1.2 Interest Paid		(388.985)	(222.321)
1.1.3 Dividends Received		8.790	7.315
1.1.4 Fees and Commissions Received		13.656	23.199
1.1.5 Other Income		30.634	1.453
1.1.6 Collections from Previously Written off Loans		78.272	184
1.1.7 Payments to Personnel and Service Suppliers		(65.913)	(54.686)
1.1.8 Taxes Paid		(135.332)	(70.705)
1.1.9 Others		426.529	(121.224)
1.2 Changes in Operating Assets and Liabilities		(1.637.716)	(943.389)
1.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		-	-
1.2.2 Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3 Net (Increase) (Decrease) in Loans		(1.210.239)	250.211
1.2.4 Net (Increase) (Decrease) in Other Assets		(104.575)	(242.298)
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		290.136	(861.159)
1.2.9 Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities		(613.038)	(90.143)
I. Net Cash Provided by / (used in) Banking Operations		(780.107)	(737.591)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided by / (used in) Investing Activities		(218.991)	(483.396)
2.1 Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries		(930)	-
2.2 Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(131)	(360)
2.4 Disposals of Property and Equipment		86	77
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(785.305)	(761.677)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income		405.722	387.643
2.7 Purchase of Financial Assets Measured at Amortized Cost		-	(108.212)
2.8 Sale of Financial Assets Measured at Amortized Cost		162.446	285
2.9 Others		(879)	(1.152)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided by / (used in) Financing Activities		2.480.796	2.340.893
3.1 Cash Obtained From Funds Borrowed and Securities Issued		2.558.789	2.345.478
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Capital Increase		-	-
3.4 Dividends Paid		(73.283)	-
3.5 Payments for Leases		(4.710)	(4.585)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		134.980	115.022
V. Net Increase / (Decrease) in Cash and Cash Equivalents		1.616.678	1.234.928
VI. Cash and Cash Equivalents at Beginning of the Period		1.641.385	599.585
VII. Cash and Cash Equivalents at End of the Period		3.258.063	1.834.513

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY- 31 MARCH 2021

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

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

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

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

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

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

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

Additional paragraph for convenience translation to English

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

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

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

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

Due to COVID-19, the Bank allowed loan customers to translate their principal, interest and installments under current conditions if they demand and began to apply the translations within this context. As it is intended to update the financial information contained in the latest 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 Bank made estimates in the calculation of expected credit losses and disclosed these in footnote VIII "Disclosures on impairment of financial assets". In the coming periods, the Bank will update its relevant assumptions according to necessary extents and review the realizations of past estimates.

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

I. Basis of presentation (continued)

Changes in accounting policies and disclosures

TAS / TFRS changes, which entered into force as of 1 January 2021, do not have a significant effect on the accounting policies, financial status and performance of the Bank. TAS and TFRS changes, which were published but not put into effect as of the final date of the financial statements, will not have a significant effect on the accounting policies, financial status and performance of the Bank.

In addition, the Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, was published in December 2020, effective from 1 January 2021, and early implementation of the changes is allowed. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and hedge accounting provisions. The effects of the changes on the The Bank's financials have been evaluated and it has been concluded that there is no need for early application. On the other hand, the process for the Indicative Interest Rate Reform is expected to be completed as of 31 December 2021, and the Bank's work continues within the scope of adaptation to the changes.

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

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

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

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

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

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

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized and recognized in income statement over the life of the hedged item from that date of the hedge accounting is discontinued.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

III. Explanations on forward and option contracts and derivative instruments

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

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

In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

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

IV. Explanations on associates and subsidiaries

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

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

V. Explanations on interest income and expenses

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on fees and commission income and expenses

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

VII. Explanations on financial assets

Initial recognition of financial instruments

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

Initial measurement of financial instruments

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

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. 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. The bank tested all financial assets within the scope of TFRS 9 "whether the contractual cash flows arise solely from interest and capitals" and assessed the asset classification within the business model.

Assessment of business model

As per TFRS 9, the Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business models are divided into three categories.

Business model whose aimed to hold assets in order to collect contractual cash flows:

This is a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY- 31 MARCH 2021

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

Business model whose aimed to hold assets in order to collect contractual cash flows: (continued)

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. Receivables from Central Bank, Banks, Money Market Placements, investments under financial assets measured at amortized cost, loans, leasing receivables, factoring receivables and other receivables are assessed within this business model.

This is a model whose objective is achieved by both collecting contractual cash flows and selling financial assets: the Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. 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. Financial assets measured at fair value through other comprehensive income are assessed in this business model.

Other business models:

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

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 Bank classifies certain loans and securities issued at their origination dates, as financial assets/liabilities at fair value through profit/ loss, irrevocably in order to eliminate any accounting mismatch in compliance with TFRS 9.

Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as “interest income” in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under “trading account income/losses” in the statement of profit or loss. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under “trading account income/losses”.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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

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

Later, at the Ordinary General Assembly Meeting of LYY Telekomunikasyon A.Ş. held on 23 September 2019, it was decided to convert some of the loan to capital and add it to the capital of LYY Telekomunikasyon A.Ş. The nominal value of shares increased from TL 0,8 to TL 64.403. This amount is presented under "Property and Equipment Held for Sale and Related to Discontinued Operations" in the financial statements. As of 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 Telekomunikasyon 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income. Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are measured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

“Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss” under shareholders’ equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition an entity can choose in a irrevocable way 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 Bank, there are Consumer Price Indexed (CPI) Bonds. The Bank considered expected inflation index of future cash flows prevailing at the reporting date while calculating internal rate of return of the Consumer Price Indexed (CPI) marketable securities. The effect of this application is accounted as interest received from marketable securities in the unconsolidated financial statements.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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 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 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.

VIII. Explanations on impairment of financial assets

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

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

Calculation of expected credit losses

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment of financial assets (continued)

Calculation of expected credit losses (continued)

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 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.

Stage 2:

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment of financial assets (continued)

Calculation of expected credit losses (continued)

Stage 3:

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

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

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank and its consolidated financial subsidiaries is based on a more than 90 days past due definition.
2. Subjective Default Definition: It means a debt is considered is unlikely to be paid. Whenever an obligor is considered is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

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

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

Significant increase in credit risk

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment of financial assets (continued)

Calculation of expected credit losses (continued)

Significant increase in credit risk

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

- Loans overdue more than 30 days as of the reporting date
 - Loans classified as watchlist
 - When there is a change in the payment plan due to restructuring
- 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;
- Temporarily, 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 be as base, bad and good. Final provisions are calculated by weighing on the possibilities given to the scenarios. Within the scope of the ECL effects of Covid-19, the weight of the base scenario was decreased of 3 scenarios, and weights of the bad and very bad scenarios was increased. Also for possible effects the Bank has established additional provisions for the sector and customers, which are considered to have a high impact on the expected credit loss calculations by making individual assessment for the risks that cannot be captured through the models.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

a. Offsetting of financial instruments

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

b. Derecognition of financial instruments

Derecognition of financial assets due to change in contractual terms

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

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

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

Derecognition of financial assets without any change in contractual terms

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

Derecognition of financial liabilities

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

c. Reclassification of financial instruments

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

d. Restructuring and refinancing of financial instruments

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

Restructuring is to change the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan by the Bank which will cover either the principal or the interest payment in whole or in part of one or a few existing loans due to the anticipated financial difficulty which the customer or 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.

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

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

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

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

- Recovery in debt service.

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

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

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

XI. Explanations on assets held for sale and discontinued operations

Assets held for sale are measured at the lower of the assets’ carrying amount and fair value less costs to sell. This assets are not amortized and presented separately in the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such asset (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal groups) , and an active programme to complete should be initiated to locate a customer. Also the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Also, the sale is expected to be accounted as a completed sale beginning from one year after the classification date; and the essential procedures to complete the plan should indicate the possibility of making significant changes on the plan or lower probability of cancelling.

Events or circumstances 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 in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the 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 separately in the income statement.

XII. Explanations on goodwill and other intangible assets

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

XIII. Explanations on tangible assets

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions

The Bank as Lessor

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

The Bank as Lessee

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

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

TFRS 16 Leases

The Bank has started to apply "TFRS 16 Leases" Standard published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29826 dated 16 April 2018 starting from 1 January 2019. The mentioned standard has a transition effect amounting to TL 40.824 in "tangible assets" and "lease liability" in the Bank's financial statements. As of 31 March 2021 The Bank recognized right of use asset classified under tangible assets amounting to TL 20.845, lease liability amounting to TL 26.663 and amortization expenses amounting to TL 3.094 TL, lease interest expenses amounting to TL 1.717.

TFRS 16 Leasing standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease.

Instead, it is set forth a single model similar to the accounting of financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Bank has started to apply "TFRS 16 Leases" Standard starting from 1 January 2019.

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

Right-of-use assets

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions (continued)

The cost of right-of-use assets includes:

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

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

Lease Liabilities

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

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. 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 and
- b) The book value is reduced to reflect the lease payments made.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions (continued)

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. 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. This change did not have a significant impact on the financial status or performance of the Bank.

Short-term leases and leases of low-value assets

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

XV. Explanations on provisions and contingent liabilities

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

Explanations on contingent assets

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits

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

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

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

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

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28227 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits (continued)

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

XVII. Explanations on taxation

The income tax charge is composed of the sum of current tax charge and deferred tax benefit or charge. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. 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 of 31 March 2021.

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

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the income statement as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity. Deferred tax assets and liabilities are also offset.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation (continued)

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

Transfer pricing

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

XVIII. Additional explanations on borrowings

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

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

XIX. Explanations on share certificates issued

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

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

XX. Explanations on acceptances

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

XXI. Explanations on government incentives

The Bank does not use government incentives.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXII. Explanations on segment reporting

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

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	199.635	352.530	-	552.165
Net Fees and Commission Income	6.523	4.194	-	10.717
Other Income	-	33.385	87.542	120.927
Other Expense	(354.199)	(7.632)	(47.514)	(409.345)
Profit Before Tax	(148.041)	382.477	40.028	274.464
Tax Provision				(48.557)
Net Profit				225.907
Current Period				
Segment Assets	42.314.157	13.707.589	996.552	57.018.298
Investment in Associates and Subsidiaries	-	-	1.267.179	1.267.179
Total Assets	42.314.157	13.707.589	2.263.731	58.285.477
Segment Liabilities	49.231.944	1.475.955	1.540.736	52.248.635
Shareholders' Equity	-	-	6.036.842	6.036.842
Total Liabilities	49.231.944	1.475.955	7.577.578	58.285.477

Prior Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	219.436	228.711	-	448.147
Net Fees and Commission Income	13.287	8.262	-	21.549
Other Income	-	7.986	5.317	13.303
Other Expense	(221.611)	(12.703)	(49.828)	(284.142)
Profit Before Tax	11.112	232.256	(44.511)	198.857
Tax Provision				(45.121)
Net Profit				153.736
Prior Period				
Segment Assets	37.634.445	11.288.060	1.311.033	50.233.538
Investment in Associates and Subsidiaries	-	-	1.232.821	1.232.821
Total Assets	37.634.445	11.288.060	2.543.854	51.466.359
Segment Liabilities	42.617.741	1.045.241	1.698.821	45.361.803
Shareholders' Equity	-	-	6.104.556	6.104.556
Total Liabilities	42.617.741	1.045.241	7.803.377	51.466.359

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on other matters

1. Changes Related to Previous Period Financial Statements

Effects of the change of TAS 27

According to Communiqué published on the Official Gazette dated 9 April 2015 no.29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements" an option was recognized to account to cost of assets investments of subsidiaries, joint ventures and associates while applying TFRS 9 "Financial Instruments" standart or Turkish Accounting Standard 28 (TAS 28) for "Investments in Associates and Joint Ventures" through the equity method.

As of 30 June 2020, the Bank has started to account for its all subsidiaries and Investments in associates in accordance with the equity method defined in TAS 28, as detailed in Section 3, Note IV.

Subsidiaries and Investments in associates are accounted in accordance with TFRS 9 in the unconsolidated financial statements before the related accounting policy change. According to TFRS 9, Subsidiaries that are traded in the organized markets and whose fair value can be determined reliably reflected in the financial statements with their fair values. Subsidiaries and Investment in Associates that are not traded in the organized markets and whose fair value cannot be determined reliably were reflected in the financial statements with their cost values after deducting the provision for impairment.

Due to the accounting policy change, the financial statements of the previous year have been restated within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Standard.

The effect of TAS 27 correction records on the previous year's financial statements is as follows:

31 March 2020	Previously Reported	Adjustment Effect	Restated
Investment in associates (Net)	695.694	(223.147)	472.547
Accounted Under on Equity Method	-	472.547	472.547
Unconsolidated Associates	695.694	(695.694)	-
Subsidiaries (Net)	493.378	(97.272)	396.106
Unconsolidated Financial Subsidiaries	489.199	(116.159)	373.040
Unconsolidated Non-Financial Subsidiaries	4.179	18.887	23.066
TOTAL ASSETS	47.207.863	(320.419)	46.887.444
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	713.270	(640.750)	72.520
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(120.993)	20.882	(100.111)
Extraordinary Reserves	1.500.207	305.936	1.806.143
Current Year Profit/Loss	160.223	(6.487)	153.736
TOTAL LIABILITIES	47.207.863	(320.419)	46.887.444
Dividend Income	7.315	(3.041)	4.274
Profit / (Loss) on Equity Method	-	(3.446)	(3.446)
Current Year Profit/Loss	160.223	(6.487)	153.736

2. Classifications

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

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to shareholders' equity

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and in addition to regulations of BRSA numbered 3397 dated 23 March 2020. As of 31 March 2021, the capital adequacy ratio of Bank has been calculated as 18,49% (31 December 2020: 19,41%).

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 it 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.

	Current Period	Prior Period
CORE EQUITY TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	2.800.374	2.800.374
Share premiums	-	-
Reserves	2.882.741	2.222.240
Other comprehensive income according to TAS	330.419	423.604
Profit	225.907	732.829
Current Period Profit	225.907	732.829
Prior Period Profit	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Core Equity Tier 1 Capital Before Deductions	6.239.441	6.179.047
Deductions from Core Equity Tier 1 Capital		
Valuation adjustments calculated as per the 1 st 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	64.549	74.491
Leasehold improvements on operational leases	1.089	1.191
Goodwill (net of related tax liability)	-	-
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	3.610	3.304
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to shareholders' equity (continued)

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	-	-
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	62.670	50.116
Mortgage servicing rights not deducted	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions from Tier I capital in cases where there are no adequate additional Tier I or Tier II capitals	-	-
Total Regulatory Adjustments to Tier 1 Capital	131.918	129.102
Core Equity Tier I Capital	6.107.523	6.049.945
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Core Equity and the Related Share Premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	-	-
Debt instruments and the related issuance premiums defined by the BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier 1 capital	-	-
The total of net long position of the direct or indirect investments in additional Tier 1 capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Core Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Core Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to shareholders' equity (continued)

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)	6.107.523	6.049.945
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)	562.185	515.643
Tier II Capital Before Deductions	3.040.185	2.716.143
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.		
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Common Equity Tier I capital (-)	-	-
Total of net long positions of the investments in Tier II Capital items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	3.040.185	2.716.143
Total Capital (The sum of Tier I Capital and Tier II Capital)	9.147.708	8.766.088
Deductions from Total Capital		
Loans granted against the articles 50 and 51 of the banking law	-	-
Net book values of movables and immovables exceeding the limit defined in the article 57, clause 1 of the Banking law and the assets acquired against overdue receivables and held for sale but retained more than five years	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Core Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	9.147.708	8.766.088
Total Risk Weighted Assets	49.482.788	45.172.365
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	12,34	13,39
Tier I Capital Adequacy Ratio (%)	12,34	13,39
Capital Adequacy Ratio (%)	18,49	19,41
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	6,34	7,39
Amounts below the Excess Limits as per the Deduction Principles		
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	-
Total of net long positions of the investments in Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% or less of the issued share capital	617.020	610.006
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
Limits Related to Provisions Considered in Tier II Calculation		
General reserves for receivables where the standard approach used (before tenthousandtwentyfive limitation)	1.223.794	1.036.807
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	562.185	515.643
Excess amount of total provision amount to credit risk amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4		
(to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to Temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to Temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to Temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to Temporary Article 4	-	-

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

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

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to shareholders' equity (continued)

Details on Subordinated Liabilities

Issuer	Türkiye Sınai Kalkınma Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN etc.)	XS1584113184
Governing law(s) of the instrument	BRSA, Cominiqué 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 / semiannually 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 seen 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 incompliance with article number 7 and 8 of "Own fund regulation"	Not based on the conditions written on 7th article.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to currency risk

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

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

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

	1 US Dollar	1 Euro
The Bank's "Foreign Exchange Valuation Rate"		
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 one month averages of the US Dollar and Euro buying rates of the Bank before the reporting date are full TL 7,5917 and 9,0380 respectively.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to currency risk (continued)

Information on the Bank's foreign currency risk:

Current Period	Euro	US Dollar	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	501.004	818.392	-	1.319.396
Banks	154.666	1.061.198	4.350	1.220.214
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)	18.548.884	21.556.878	-	40.105.762
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Other 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)	36.886	117.609	-	154.495
Total Assets	19.441.173	27.435.012	5.198	46.881.383
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	227.087	223.687	-	450.774
Funds Provided From Financial Institutions	14.927.734	20.754.544	-	35.682.278
Marketable Securities Issued (4)	-	14.376.035	-	14.376.035
Miscellaneous Payables	57.791	280.348	43	338.182
Derivative Financial Liabilities for Hedging Purposes (5)	-	-	-	-
Other Liabilities (6)	112.668	216.114	546	329.328
Total Liabilities	15.325.280	35.850.728	589	51.176.597
Net Balance Sheet Position	4.115.893	(8.415.716)	4.609	(4.295.214)
Net Off-Balance Sheet Position	(3.717.842)	9.019.115	(2.559)	5.298.714
Financial Derivative Assets	1.480.386	11.027.725	164.650	12.672.761
Financial Derivative Liabilities	(5.198.228)	(2.008.610)	(167.209)	(7.374.047)
Non-Cash Loans (7)	1.880.793	2.902.252	87.953	4.870.998
Prior Period				
Total Assets	17.248.288	23.118.324	4.550	40.371.162
Total Liabilities	14.589.085	28.781.542	216	43.370.843
Net Balance Sheet Position	2.659.203	(5.663.218)	4.334	(2.999.681)
Net Off –Balance Sheet Position	(2.172.755)	6.303.752	(2.333)	4.128.664
Financial Derivative Assets	1.479.804	7.943.777	149.341	9.572.922
Financial Derivative Liabilities	(3.652.559)	(1.640.025)	(151.674)	(5.444.258)
Non-Cash Loans (7)	1.875.631	2.705.274	1.876	4.582.781

(1) Exchange rate differences arising from derivative transactions amounting to TL 57.944 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 FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)(2)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	6.722	-	-	-	-	1.319.533	1.326.255
Banks	1.105.123	-	58.171	-	-	137.303	1.300.597
Financial Assets at Fair Value Through Profit and Loss (3)	335.683	371.448	448.907	333.355	277.414	-	1.766.807
Money Market Placements	771.937	585.714	633.238	-	-	-	1.990.889
Financial Assets at Fair Value Through Other Comprehensive Income	608.294	301.491	593.669	1.982.161	1.431.769	153.188	5.070.572
Loans	5.694.018	10.020.384	11.838.600	6.918.748	8.763.341	-	43.235.091
Financial Assets Measured at Amortized Cost	319.946	907.947	1.255.315	-	398.760	-	2.881.968
Other Assets (2)	-	-	-	64.403	-	648.895	713.298
Total Assets	8.841.723	12.186.984	14.827.900	9.298.667	10.871.284	2.258.919	58.285.477
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	474.030	-	-	-	-	-	474.030
Miscellaneous Payables	-	-	-	-	-	395.101	395.101
Marketable Securities Issued (4)	-	2.525.934	2.528.942	9.321.159	-	-	14.376.035
Funds Provided from Other Financial Institutions	5.045.262	8.955.391	13.182.929	3.966.184	4.708.068	-	35.857.834
Other Liabilities	63.290	35.797	60.513	277.995	189.525	6.555.357	7.182.477
Total Liabilities	5.582.582	11.517.122	15.772.384	13.565.338	4.897.593	6.950.458	58.285.477
Balance Sheet Long Position	3.259.141	669.862	-	-	5.973.691	-	9.902.694
Balance Sheet Short Position	-	-	(944.484)	(4.266.671)	-	(4.691.539)	(9.902.694)
Off-Balance Sheet Long Position	859.367	633.078	-	1.326.373	1.029.437	-	3.848.255
Off-Balance Sheet Short Position	-	-	(3.367.168)	-	-	-	(3.367.168)
Total Position	4.118.508	1.302.940	(4.311.652)	(2.940.298)	7.003.128	(4.691.539)	481.087

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellaneous 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.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk (continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)(2)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	2.167	-	-	-	-	1.021.459	1.023.626
Banks	189.755	-	-	-	-	35.392	225.147
Financial Assets at Fair Value Through Profit and Loss (3)	67.522	396.022	344.114	430.958	360.680	-	1.599.296
Money Market Placements	629.331	423.349	370.316	-	-	-	1.422.996
Financial Assets at Fair Value Through Other Comprehensive Income	86.937	432.106	795.592	1.738.026	1.407.390	142.801	4.602.852
Loans	6.880.629	6.527.954	10.716.774	6.962.707	7.280.814	-	38.368.878
Financial Assets Measured at Amortized Cost	418.781	1.114.854	1.186.267	-	363.157	-	3.083.059
Other Assets (2)	-	-	-	64.403	-	1.076.102	1.140.505
Total Assets	8.275.122	8.894.285	13.413.063	9.196.094	9.412.041	2.275.754	51.466.359
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.045.241	-	-	-	-	-	1.045.241
Miscellaneous Payables	-	-	-	-	-	125.321	125.321
Marketable Securities Issued (4)	-	-	2.221.421	8.099.357	-	-	10.320.778
Funds Provided from Other Financial Institutions	3.374.770	8.010.261	12.897.745	3.636.946	4.377.241	-	32.296.963
Other Liabilities	78.372	79.371	108.972	391.963	242.727	6.776.651	7.678.056
Total Liabilities	4.498.383	8.089.632	15.228.138	12.128.266	4.619.968	6.901.972	51.466.359
Balance Sheet Long Position	3.776.739	804.653	-	-	4.792.073	-	9.373.465
Balance Sheet Short Position	-	-	(1.815.075)	(2.932.172)	-	(4.626.218)	(9.373.465)
Off-Balance Sheet Long Position	-	-	400.694	3.126.618	927.267	-	4.454.579
Off-Balance Sheet Short Position	(2.261.615)	(2.162.299)	-	-	-	-	(4.423.914)
Total Position	1.515.124	(1.357.646)	(1.414.381)	194.446	5.719.340	(4.626.218)	30.665

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellaneous 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.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	13,50
Banks	1,00	0,12	-	18,75
Financial Assets at Fair Value Through Profit and Loss (2)	-	4,34	-	-
Money Market Placements	-	-	-	18,84
Financial Assets at Fair Value Through Other Comprehensive Income	2,68	5,12	-	13,68
Loans	4,58	5,48	-	16,18
Financial Assets Measured at Amortized Cost	-	5,60	-	13,02
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,11	0,25	-	14,98
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	4,61	-	-
Borrower Funds	0,10	0,20	-	15,00
Funds Provided From Other Financial Institutions	1,07	1,44	-	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.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

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

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

(2) Includes loans measured at fair value through profit or loss.

IV. Explanations related to stock position risk

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

Equity shares risk due from banking book

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

Current Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	569.761	-	941.547
Quoted	569.761	-	941.547
Investment in Shares-Grade B	414.177	-	2.559.420
Quoted	414.177	-	2.559.420

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations related to stock position risk (continued)

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

Equity shares risk due from banking book (continued)

Current Period	Realized Revenues and Losses in the Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Core Capital (1)	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	98.207	98.207	-	-	-
Other Share Certificates	-	113.902	113.902	-	-	-
Total	-	212.109	212.109	-	-	-

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

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

1. Explanations related to the liquidity risk

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

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

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

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

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

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

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

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

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

1. Explanations related to the liquidity risk (continued)

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

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

1.d Information on unconsolidated liquidity risk mitigation techniques

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

1.e Information on the use of stress tests

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

2. Liquidity Coverage Ratio

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

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
Lowest	247.05	185.42	202.58	168.64
Related Week	26/03/2021	12/02/2021	20/11/2020	06/11/2020
Highest	543.7	361.81	319.73	302.79
Related Week	22/01/2021	22/01/2021	18/12/2020	11/12/2020

		Rate of "Percentage to be taken into account" not Implemented Total value		Rate of "Percentage to be taken into account" Implemented Total value	
		TL+FC	FC	TL+FC	FC
Current Period					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets	-	-	5.193.570	2.971.929
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	1.684.039	1.434.381	1.249.721	1.015.187
6	Operational deposits	85.538	73.606	21.385	18.401
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	1.598.501	1.360.775	1.228.336	996.786
9	Secured funding	-	-	-	-
10	Other Cash Outflows	413.291	481.205	413.291	481.205
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	247.431	315.345	247.431	315.345
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	165.860	165.860	165.860	165.860
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	28.011.709	23.159.992	1.400.585	1.158.000
15	Other irrevocable or conditionally revocable commitments	10.654.081	9.598.621	1.138.536	1.008.280
16	TOTAL CASH OUTFLOWS	-	-	4.202.133	3.662.672
CASH INFLOWS					
17	Secured Lending Transactions	25.765	-	-	-
18	Unsecured Lending Transactions	3.387.151	1.734.803	2.649.472	1.175.812
19	Other contractual cash inflows	207.146	1.523.314	207.146	1.523.314
20	TOTAL CASH INFLOWS	3.620.062	3.258.117	2.856.618	2.699.126
		Upper Limit Applied Amounts			
21	TOTAL HQLA STOCK	-	-	5.193.570	2.971.929
22	TOTAL NET CASH OUTFLOWS	-	-	1.345.515	963.546
23	LIQUIDITY COVERAGE RATIO (%)	-	-	386	308

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

- V. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)**
- 2. Liquidity Coverage Ratio (continued)**

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

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

During the reporting period, the lowest value of the Total Liquidity Coverage ratio was 202.58 in the week of 20/11/2020, the highest value was 319.73 in the week of 18/12/2020, and the lowest value of the Foreign Currency Liquidity Coverage ratio was 168.64 in the week of 06/11/2020, the highest value was at 302.79 in the week of 11/12/2020.

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

Main funding source of the Bank is long term loans attained from international financial institutions. The ratio of those loans in total funding is around 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 Bank's total funding is provided from repurchase agreements.

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1)(2)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	17	1.326.238	-	-	-	-	-	1.326.255
Banks	137.303	1.105.123	-	58.171	-	-	-	1.300.597
Financial Assets at Fair Value Through Profit and Loss (3)	-	462.642	482.253	808.274	13.638	-	-	1.766.807
Money Market Placements	-	771.937	585.714	633.238	-	-	-	1.990.889
Financial Assets at Fair Value Through Other Comprehensive Income	-	621	206.838	548.522	2.647.839	1.513.564	153.188	5.070.572
Loans	-	1.978.844	1.867.721	9.141.809	20.787.320	9.459.397	-	43.235.091
Financial Assets Measured at Amortized Cost	-	-	-	656.932	1.709.883	515.153	-	2.881.968
Other Assets (2)	-	-	-	64.403	-	-	648.895	713.298
Total Assets	137.320	5.645.405	3.142.526	11.911.34	25.158.680	11.488.114	802.083	58.285.477
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	290.850	1.407.266	4.638.794	15.393.558	14.127.366	-	35.857.834
Money Market Borrowings	-	474.030	-	-	-	-	-	474.030
Marketable Securities Issued (4)	-	-	2.525.932	2.798.369	9.051.734	-	-	14.376.035
Miscellaneous Payables	-	-	-	-	-	-	395.101	395.101
Other Liabilities	-	184.185	130.153	286.630	26.152	-	6.555.357	7.182.477
Total Liabilities	-	949.065	4.063.351	7.723.793	24.471.444	14.127.366	6.950.458	58.285.477
Liquidity Gap	137.320	4.696.340	(920.825)	4.187.556	687.236	(2.639.252)	(6.148.375)	-
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	35.409	5.430.910	3.504.606	7.156.414	23.657.274	10.462.843	1.218.903	51.466.359
Total Liabilities	-	2.236.322	973.698	7.499.246	21.185.837	12.669.284	6.901.972	51.466.359
Liquidity Gap	35.409	3.194.588	2.530.908	(342.832)	2.471.437	(2.206.441)	(5.683.069)	-
Net Off-balance sheet Position	-	(69.036)	118.236	(72.346)	46.037	7.774	-	30.665
Financial Derivative Assets	-	1.909.302	2.081.900	5.534.260	15.268.806	3.179.750	-	27.974.018
Financial Derivative Liabilities	-	1.978.338	1.963.664	5.606.606	15.222.769	3.171.976	-	27.943.353
Non-cash Loans	-	260.744	336.541	2.535.054	525.831	978.073	302.597	4.938.840

(1) Other assets and shareholders' equity, provisions and tax liability, which are necessary and cannot be converted into cash in the near future for the Bank's ongoing activities, such as tangible and intangible assets, deferred tax asset, other miscellaneous receivables, investments in subsidiaries and associates, entities under common control, office supply inventory, prepaid expenses and non-performing loans are classified under "Undistributed" column.

(2) Expected credit losses for stage 1 and stage 2 are shown on the other assets, undistributed.

(3) Includes derivative financial assets.

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to leverage ratio

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

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

As of 31 March 2021 leverage ratio of the Bank calculated from the arithmetic average of the three months is 9,83% (31 December 2020: 9,78%). Total balance sheet assets are increased by 4,22% compared to prior period.

b) Leverage Ratio

		Current Period (1)	Prior Period (1)
	Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	54.283.983	52.084.588
2	(Assets deducted from Core Capital)	(137.859)	(93.983)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	54.146.124	51.990.605
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	1.245.689	1.663.566
5	Potential credit risk amount of derivative financial assets and credit derivatives	458.721	394.989
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	1.704.410	2.058.555
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	487.008	479.826
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	487.008	479.826
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	11.324.312	11.084.264
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)	6.200.633	6.189.119
	Capital and total risk		
13	Core Capital	6.145.585	5.938.217
14	Total risk amount (sum of lines 3, 6, 9 and 12)	62.538.175	60.718.105
	Leverage ratio		
15	Leverage ratio	9,83%	9,78%

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to risk management

Linkages between financial statements and risk amounts

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

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

Disclosures on the Risk management approach and risk-weighted amount

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to risk management (continued)

Overview of risk weighted assets

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk)	41.537.328	37.950.487	3.322.986
2	Standardised approach	41.537.328	37.950.487	3.322.986
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1.894.886	1.775.929	151.591
5	Standardised approach for counterparty credit risk	1.894.886	1.775.929	151.591
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	1.295.425	1.369.825	103.634
17	Standardised approach	1.295.425	1.369.825	103.634
18	Internal model approaches	-	-	-
19	Operational risk	3.212.599	2.551.109	257.008
20	Basic indicator approach	3.212.599	2.551.109	257.008
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	1.542.550	1.525.015	123.404
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	49.482.788	45.172.365	3.958.623

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	17	-	17	-
Balances with the Central Bank of Turkey	6.842	1.319.396	2.227	1.021.382
Other	-	-	-	-
Total	6.859	1.319.396	2.244	1.021.382

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

	Current Period(1)		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	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) Expected credit loss amounting to TL 707 is allocated in "Balances with the Central Bank of Turkey" (31 December 2020: TL 546).

(2) Deposits at Central Bank of Turkey held as reserve requirement.

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

Financial Derivative Assets (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	95.895	353	64.966	1.283
Swap Transactions	812.155	381.993	547.727	455.454
Futures Transactions	-	-	-	-
Options	-	1.991	-	4.070
Other	-	-	-	-
Total	908.050	384.337	612.693	460.807

(1) Derivative financial assets for hedging purposes amounting to TL 211.323 were presented at "Derivative Financial Assets" line (31 December 2020: TL 262.669).

As part of its economic hedging strategy, the Bank has implemented TL cross currency interest rate swap transactions in which the Bank's default risk is the reference. These swap agreements are subject to a direct closing condition for both the Bank and the counterparty, in the event of a credit default event (such as a non-payment) related to the Bank, to cancel the amounts accrued in the contract and all future payments. The market rediscount value of these swaps with a nominal value of USD 95 million as of 31 March 2021 is TL 336.561 and the average maturity are between 2022 and 2023.

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

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

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

As of 31 March 2021, the Bank re-evaluated the fair value of the loan in consideration of current market conditions and macroeconomic indicators, and did not change the fair value of the financial asset.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on banks and foreign banks account

3.a Information on banks:

	Current Period (1)		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	80.383	498.126	55.795	2.277
Foreign	-	722.088	-	167.075
Branches and head office abroad	-	-	-	-
Total	80.383	1.220.214	55.795	169.352

(1) Expected credit loss amounting to TL 125 is allocated in "Banks" (31 December 2020: TL 29).

3.b Information on foreign banks:

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	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 at fair value through other comprehensive income given as collateral or blockage:

As of 31 March 2021, all financial assets at fair value through other comprehensive income given as collateral comprise of financial assets issued by the T.R. Undersecretariat 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 39,15%, Eurobonds 53,88% and shares and other securities 6,97% (31 December 2020: 36.83% government bonds, 56,92% Eurobond, 6,25% shares and other securities).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Current Period	Prior Period
Debt securities	5.035.922	4.479.369
Quoted on a stock exchange	2.254.993	1.859.757
Unquoted	2.780.929	2.619.612
Share certificates	160.435	151.626
Quoted on a stock exchange	42.844	45.011
Unquoted	117.591	106.615
Impairment provision(-)	129.049	31.730
Total	3.264	3.587
	5.070.572	4.602.852

The net book value of unquoted financial assets at fair value through other comprehensive income share certificates is TL 107.081 (31 December 2020: TL 94.202).

5. Explanation on loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	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	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanation on loans (continued)

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

Current Period (1)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	37.076.262	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	24.375.058	437.577	2.069.923	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	37.076.262	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.

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

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

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SECTION FIVE (Continued)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

5. Explanation on loans (continued)

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

	Current Period		Prior Period	
	Standard Loans	Loans under Close Monitoring	Standard Loans	Loans under Close Monitoring
12 Months Expected Credit Loss	464.554	-	421.695	-
Significant Increase in Credit Risk	-	719.477	-	575.834

5.c Loans according to their maturity structure:

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

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SECTION FIVE (Continued)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

5. Explanation on loans (continued)

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

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

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SECTION FIVE (Continued)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

5. Explanation on loans (continued)

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanation on loans (continued)

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

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

5.f Loans according to borrowers:

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

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	41.968.610	37.096.778
Foreign loans	151.128	132.939
Total	42.119.738	37.229.717

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	763.446	729.154
Indirect loans granted to subsidiaries and associates	-	-
Total	763.446	729.154

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

	Current Period	Prior Period
Loans and receivables with limited collectability	408.577	401.917
Loans and receivables with doubtful collectability	312.663	275.856
Uncollectible loans and receivables	73.752	73.736
Total	794.992	751.509

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

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

	III. Group Loans With Limited Collectability	IV. Group Loans With Doubtful Collectability	V. Group Uncollectible Loans
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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanation on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period			
Prior period end balance	761.282	844.026	79.635
Additions (+)	1.228	-	-
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)	78.258	14	-
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	5.220	76.879	138
Current period end balance	689.472	920.891	79.773
Provision (-)	408.578	312.663	73.751
Net Balances on Balance Sheet	280.894	608.228	6.022

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

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5 Explanation on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period			
Period End Balance	25.317	857.234	34.168
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
Provision (-)	58.505	244.959	32.316
Net Balance on Balance Sheet	57.089	535.396	1.714

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

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	689.472	920.891	79.773
Provision Amount (-)	408.578	312.663	73.751
Loans to Real Persons and Legal Entities (Net)	280.894	608.228	6.022
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	761.282	844.026	79.635
Provision Amount (-)	401.917	275.856	73.736
Loans to Real Persons and Legal Entities (Net)	359.365	568.170	5.899
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanation on loans (continued)

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

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

	III.Group	IV.Group	V.Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	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

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

6.c Information on financial investments 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
Impairment provision (-)	-	-
Total	2.881.968	3.083.059

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

6.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
Impairment Loss	-	-
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 associates (net)

7.a Information on associates:

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

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	İş Faktoring	4.671.848	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
4	Terme (1)	26.529	5.157	1.547	-	-	(58)	(50)	-
5	Ege Tarım	19.251	17.635	8.564	-	-	882	948	1.772

(1) The information is obtained from financial statements as of 31 December 2020. The information of prior year profit/loss is obtained from 31 December 2019 financial statements.

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

	Current Period	Prior Period
Balance at the Beginning of the Period	623.769	464.919
Movements During the Period	22.438	158.850
Purchases	-	-
Bonus Shares Obtained	-	-
Current Year Share of Profit (1)	-	-
Sales	-	-
Revaluation Increase / decrease (1)	22.438	158.850
Provision for Impairment (-)	-	-
Balance at the End of the Period	646.207	623.769
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(1)Includes accounting differences with the equity method.

(2)Non-financial investments in associates amounting to TL 1.773 are not included in the table (31 December 2020 : TL 2.124)

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on associates (net) (continued)

Information on associates sold in the current period

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

Information on associates purchased in the current period

In current period the Bank has not purchased any associates.

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

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

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	539.469	519.761
Associates quoted on foreign stock exchanges	-	-

8. Information on subsidiaries (net)

8.a Information related to equity component of subsidiaries:

Current Period (1)	YF	TSKB GYO
CORE CAPITAL		
Paid-in Capital	63.500	500.000
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)
Leasehold Improvements (-)	464	-
Intangible Assets (-)	653	27
Total Core Capital	200.789	452.661
Supplementary Capital	-	-
Capital	-	-
Net Available Capital	200.789	452.661

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on subsidiaries (net) (continued)

8.a Information related to equity component of subsidiaries (continued) :

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

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

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

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

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

8.c Information on subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul/Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YF)	Istanbul/Turkey	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	89,13	89,45
4	TSKB Sürdürülebilirlik Danışmanlığı A.Ş. (TSKB SD)	Istanbul/Turkey	100,00	100,00

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on subsidiaries (net) (continued)

8.c Information on subsidiaries (continued):

		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 (2)	27.470	22.880	1.514	464	-	832	1.102	22.880
2	YF (1)	1.336.618	201.906	12.943	32.987	775	30.553	7.735	192.816
3	TSKB GYO (1)	601.657	452.687	252	148	-	(11.952)	(23.445)	401.625
4	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 Movement schedule for subsidiaries subject to consolidation:

	Current Period	Prior Period
Balance at the beginning of the period	581.897	378.504
Movements in the period	12.544	203.393
Purchases (3)	-	185.542
Bonus shares obtained	-	-
Current year share of profit	-	-
Sales	-	-
Revaluation increase / decrease(1)	12.544	17.851
Provision for impairment (-)	-	-
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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on subsidiaries (net) (continued)

8.d Movement schedule for subsidiaries (continued):

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

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

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

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	594.441	581.897

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

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	401.625	412.229
Subsidiaries quoted on foreign stock exchanges	-	-

9. Information on entities under common control

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

10. Information on lease receivables (net)

10.a Maturities of investments on leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

11. Explanation on derivative financial assets held for hedging purposes

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

There is a positive differences amounting to TL 211.323 related to derivative financial assets for hedging purposes (31 December 2020: 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 Swaps	17.056.900	211.323	-	15.214.012	262.699	-
FC	17.056.900	211.323	-	15.214.012	262.699	-
TL	-	-	-	-	-	-
Swap Currency Transactions	5.080.169	-	(64.539)	4.626.754	-	(154.049)
FC	5.080.169	-	(64.539)	4.626.754	-	(154.049)
TL	-	-	-	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

11.a.1 Information on fair value hedge accounting

Current Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item(1)	Fair Value of Hedging Instrument(1)		Income Statement Effect (Profit/Loss Through Derivative Financial Instruments)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Rate Issued Eurobond and Greenbond	Interest Rate Risk	(168.724)	164.226	-	(4.498)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	(23.711)	22.888	-	(823)
Cross Currency Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(48.897)	50.574	-	1.677

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

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

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

12. Explanations on tangible assets

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

13. Information on intangible assets

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

14. Information on investment property

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Information on deferred tax assets

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

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

Deferred tax asset:	Current Period	Prior Period
Loan commissions accrual adjustment	21.924	22.687
Other provisions	283.059	234.627
Employee benefit provision	3.807	3.419
Marketable securities	72.885	28.888
Other (1)	11.596	10.118
Total Deferred Tax Asset	393.271	299.739
Deferred tax liability:		
Valuation of derivative instruments	(185.925)	(101.328)
Funds borrowed commissions accrual adjustment	(21.046)	(16.122)
Useful life difference of fixed assets	(508)	(561)
Other	(6.348)	(6.307)
Total Deferred Tax Liability	(213.827)	(124.318)
Net Deferred Tax Asset	179.444	175.421

(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. In the other item, there is also a deferred asset related to hedge accounting amounting to TL 4.742.

	Current Period	Prior Period
Deferred Tax as of 1 January Asset / (Liability) - Net	175.421	38.528
Deferred Tax (Loss) / Gain	(48.557)	148.763
Deferred Tax that is Realized Under Shareholder's Equity	52.580	(11.870)
Deferred Tax Asset / (Liability) Net	179.444	175.421

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

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

16. Explanation on assets held for sale

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

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

17. Information about other assets

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

Other assets do not exceed 10% of total assets, excluding off-balance sheet commitments (31 December 2020: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a Maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

2. Negative differences table related to derivative financial liabilities

Derivative Financial Liabilities (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	95.056	341	63.711	1.253
Swap Transactions	133.308	305.280	262.653	389.244
Futures Transactions	-	-	-	-
Options	-	1.933	-	4.070
Other	-	-	-	-
Total	228.364	307.554	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".

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	-	43.679	29.000	241.726
From Foreign Banks, Institutions and Funds	175.556	35.638.599	90.985	31.935.252
Total	175.556	35.682.278	119.985	32.176.978

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	41.617	29.000	200.816
Medium and long-term	175.556	35.640.661	90.985	31.976.162
Total	175.556	35.682.278	119.985	32.176.978

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

3.c Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	-	11.564.000	-	7.701.750
Cost	-	11.498.870	-	7.657.597
Book Value	-	11.847.091	-	8.021.275

The Bank issued selling of Greenbond in abroad with nominal value of full USD 300 Million, 5 years maturity and for financing the green and sustainable projects. The interest rate 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 14 January 2026 with fixed interest rate, 5 years maturity and semiannual coupon payment.

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

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

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

There are no other liabilities, which exceed 10% of the balance sheet total (31 December 2020: None).

5. Informations on financial lease obligations (net)

5.a Explanations on finance lease payables:

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

5.b Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings, 1 branch, 10 cars and 362 computers are subject to operational leasing (31 December 2020: 2 head office buildings, 1 branch, 10 cars and 314 computers under operational leasing). In the current period, the Bank has lease liability with TFRS 16 amounting to TL 26.663 related to operational lease transactions.

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (1)	-	64.539	-	154.049
Cash Flow Hedge	-	-	-	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	-	64.539	-	154.049

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

7. Explanations on provisions

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

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

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

As of the reporting date, the Bank's specific provisions provided for unindemnified non cash loans amounts to TL 1.235 (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 on other provision:

7.c.1 Provision 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: TL 220.000).

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

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

As of 31 March 2021, employee termination benefits is amounting TL 13.610 reflected in financial statements (31 December 2020: TL 13.406). As of 31 March 2021, the Bank has provided a reserve for unused vacation amounting to TL 5.428 (31 December 2020: TL 3.690). This balance is classified under reserve for employee benefits in the financial statements.

Liabilities on pension rights

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

Liabilities for pension funds established in accordance with Social Security Institution

None (31 December 2020:None).

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Explanations on provisions (continued)

Accordingly, as of 31 March 2021 the Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Section 3 Note 16, the accounting policies related with employee benefits.

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

None.

8. Explanations on taxes payable

8.a Explanations on current taxes payable:

8.a.1 Explanations on taxes payable:

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

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	-	135.147
Taxation of Securities	1.226	1.557
Property Tax	-	-
Banking and Insurance Transaction Tax (BITT)	6.734	8.201
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	229	581
Other	15.660	2.344
Total	23.849	147.830

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	97	54
Unemployment insurance-Employer	192	107
Other	-	-
Total	289	161

8.b Information on deferred taxes liabilities:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Explanations on liabilities regarding assets held for sale

None (31 December 2020: None).

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

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

11. Explanations on shareholders' equity

11.a Presentation of paid-in capital:

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

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

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

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

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

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

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

None (31 December 2020: None).

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

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

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Explanations on shareholders' equity (continued)

11.g Information on preferred shares:

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

11.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	131.070	-	147.014	-
Financial Assets at Fair Value Through Profit or Loss	31.134	(85.901)	26.535	123.093
Valuation Differences	(14.742)	(85.901)	(13.317)	123.093
Foreign Exchange Difference	45.876	-	39.852	-
Total	162.204	(85.901)	173.549	123.093

11.i Informations on legal reserves:

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

11.j Informations on extraordinary reserves:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

1. Explanation on off-balance sheet liabilities

1.a Types and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Forward Purchase and Sales of Assets	148.960	100.091
Commitments for Stock Brokerage Purchase and Sales	12.159	71.665
Commitments for Letter of Credit	93.681	43.380
Capital commitments for subsidiaries and associates (1)	135.616	127.172
Other	328.298	336.108
Total	718.714	678.416

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

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

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

As of the reporting date, total letters of credit, surety and acceptances amount to TL 3.397.703 (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 given by the Bank is TL 1.944.700 (31 December 2020: TL 2.608.164).

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

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	1.391.870	1.322.994
With maturity of one year or less than one year	188.730	175.971
With maturity of more than one year	1.203.140	1.147.023
Other non-cash loans	3.950.533	3.615.846
Total	5.342.403	4.938.840

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

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

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

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

2. Explanation related to derivative financial instruments

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

3. Explanations on loan derivatives and risk exposures

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

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SECTION FIVE (Continued)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

4. Explanations on contingent liabilities and assets

There are 43 legal cases against the Bank which are amounting to TL 2.159 as of the reporting date (31 December 2020: TL 2.159 - 41 legal cases).

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

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

A similar case has been submitted to the Constitutional Court in the form of individual remedies by the main shareholder of the Bank in relation to the Bank’s 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 Bank was contrary to the principle of legality and the Bank’s property rights has been violated. This decision is considered to be a precedent for the Bank and an amount of TL 12.750 corresponding to the portion that the Bank was obliged to pay for the related period is recognized as income in the prior period.,

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

5. Custodian and intermediary services:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (1)				
Short term loans	50.697	40.309	13.794	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	130.483	486.565	105.645	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	2.664	9	1.571	1.709
Foreign banks	-	294	220	3.375
Branches and head office abroad	-	-	-	-
Total	2.763	303	1.791	5.084

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

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit and Loss	-	-	5	-
Financial Assets at Fair Value Through Other Comprehensive Income	61.720	41.226	83.431	28.626
Financial Assets Measured at Amortized Cost	89.288	712	78.929	1.564
Total	151.008	41.938	162.365	30.190

As indicated in accounting policies, the bank evaluate its Consumer Price Indexed (CPI) government bonds which are in securities portfolio of the Bank base on reference index at date of issue and estimated CPI's. The estimated CPI's is updated when it seems necessary. As of 31 March 2021, the valuation of these securities is based on 11,8% annual inflation forecast.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on interest income (continued)

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	6.488	4.434

2. Information on interest expenses

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	5.240	35.084	4.930	31.589
The Central Bank of Turkey	-	-	-	-
Domestic banks	1.495	325	2.283	2.076
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)	5.240	124.290	5.627	152.248

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

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

The Bank has no interest expense to its associates and subsidiaries (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)	-	213.346	-	164.419

(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	1.255.523	1.440.208
Gains on capital market operations	1.990	1.238
Gains on derivative financial instruments (1)	1.083.137	1.263.450
Foreign exchange gains	170.396	175.520
Losses (-)	(1.222.138)	(1.432.222)
Losses on capital market operations	(674)	(681)
Losses on derivative financial instruments (1)	(529.474)	(1.107.628)
Foreign exchange losses	(691.990)	(323.913)

(1) Foreign exchange gain from derivative transactions amounting to TL 749.981 is presented in "Gains on derivative financial instruments" (31 March 2020: TL 532.657), foreign exchange loss from derivative transactions amounting to TL (247.207) is presented in "Losses on derivative financial instruments" (31 March 2020: TL (373.312)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanation related to other operating income

	Current Period	Prior Period
Provisions Released	28.276	-
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	1.044	984
Total	29.392	1.043

6. Expected credit loss of the Bank and other provision expenses

	Current Period	Prior Period
Expected Credit Loss	259.759	174.882
12 Months Expected Credit Loss (Stage 1)	43.851	69.812
Significant Increase in Credit Risk (Stage 2)	144.220	67.003
Non-performing Loans (Stage 3)	71.688	38.067
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 Income	1.565	7.627
Associates, Subsidiaries, and Entities under Common Control (Joint Venture) Value Decrease	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other (1)	30.000	-
Total	346.497	223.342

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information related to other operating expenses

	Current Period	Prior Period
Reserve for employee termination benefits	202	119
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	3.809	3.962
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	573	507
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	-	-
Depreciation expenses of assets for resale	-	-
Impairment expenses of assets held for sale	-	-
Other operating expenses	7.465	7.324
Leasing Expenses on TFRS 16 Exceptions	413	213
Maintenance expenses	214	122
Advertisement expenses	181	168
Other expenses	6.657	6.821
Loss on sale of assets	-	-
Other (1)	9.262	11.868
Total	21.311	23.780

(1) It contains tax and duties paid expenses excluding corporate tax amounting to TL 2.243, vacation liability expenses amounting to TL 1.738 (31 March 2020: It contains tax and duties paid expenses excluding corporate tax amounting to TL 2.385 and vacation liability expenses amounting to TL 1.432).

8. Information on tax provision for continued and discontinued operations

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

The Bank has no current tax charge for the period (31 March 2020: TL None). Deferred tax expense is TL 48.557 (31 March 2020: TL 45.121 deferred tax expense).

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

Deferred tax expense calculated on temporary differences is TL 48.557 (31 March 2020: TL 45.121 deferred tax expense).

8.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: TL 13.338 income).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

As of 31 March 2021, the Bank's profit before tax has increased by 46,94% compared to the prior period.

10. Information on net profit/loss

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

The Bank has generated TL 905.416 of interest income, TL 353.251 of interest expenses and TL 10.717 of net fee and commission income from banking operations (31 March 2020: TL 776.854 interest income, TL 328.707 interest expense, TL 21.549 net fee and commission income).

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

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

10.c Minority share of profit and loss:

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (31 March 2020: None).

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

None other than explained in Note IV.6, exceeds 10% of the income statement.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations on the risk group of the Bank

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

1.a Current Period:

Risk Group of the Bank	Subsidiaries, Associates and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Legal and Real Persons in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	729.154	515	294.689	-	24.747	-
Balance at End of Period	763.446	81.254	332.331	-	26.806	-
Interest and Commission Income	6.465	1	2.734	-	280	-

1.b Prior Period:

Risk Group of the Bank	Subsidiaries, Associates and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Legal and Real Persons in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	545.560	27.938	118.394	-	39.529	-
Balance at End of Period	729.154	515	294.689	-	24.747	-
Interest and Commission Income (1)	4.434	143	2.117	-	596	-

(1) Represents for the period of 31 March 2020.

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

The Bank is not authorized to accept deposits.

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

Risk Group of the Bank	Subsidiaries, Associates and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Fair Value Through Profit or Loss Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	7.962	15.247	-	-	-	-
Total Profit / Loss (1)	209	(15.920)	-	-	-	(915)
Hedging Risk Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(1) Includes period of 31 March 2020.

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

Benefits provided to the key management personnel in the current period amount to TL 8.159 (31 March 2020: TL 7.703).

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SECTION FIVE (Continued)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

VI. Explanations related to the events after the reporting date

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

II. Explanations and notes prepared by independent auditors

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

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SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments 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.

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SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT (Continued)

I. Interim period activity report included chairman of board of directors and CEO's assessments 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

Changes in Senior Management and Directors During Period

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

SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT (Continued)

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

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 on 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

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SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

ASSESSMENTS OF THE CHIEF EXECUTIVE OFFICER FOR THE PERIOD

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 58 billion and our loan portfolio totalled 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.

Our Bank generated a profit before tax and provisions in the amount of TL 564 million during 1Q2021, posting a TL 226 million of net profit during the same period. 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

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SECTION SEVEN (Continued)

INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

I. Interim period activity report included chairman of board of directors and CEO's assessments 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 dollars (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.

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INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (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.

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%.

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INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

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.
- 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.

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INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

GENERAL ASSEMBLY DECISIONS(Continued)

- 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.

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>.

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INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

FINANCIAL DEVELOPMENTS IN THE INTERIM PERIOD

Below is a summary of major financial indicators of the Bank as of 31 March 2021. Its total asset size reached TL 58,3 billion, indicating a 24,3% increase year on year and a 13,2% increase on quarter.

The total loan portfolio turned out to be TL 44,0 billion as of the end of March and marking a 28,6% increase on a year-over-year basis and 12,6% increase relative to the year end. To note, the share of loans in assets is 75,5%. 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 17,2% on a year-over-year basis and marked a decrease of 1,1% compared to the end of 2020, resulting in TL 6,0 billion. Capital adequacy ratio observed to be 19,4% by the end of 2020 was 18,5% by the end of March.

During the first quarter of 2021, net interest revenues reached TL 552,2 million with a 23,2% surge and net fees and commissions dropped to TL 10,7 million by a decline of 50,3%. Cost-income ratio which was 11,3% in 2020 inched down to 11,2% during the first quarter of 2021.

During the first quarter of 2021, net profit rose to TL 225,9 million by a 46,9% 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.

Forward-Looking Expectations

TSKB disclosed its expectations for 2021 with the public on Public Disclosure Platform on 1 February 2021.

There has been no revision in these expectations as of the first quarter.

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.

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INFORMATION ON INTERIM ACTIVITY REPORT(Continued)

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

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>