

# **Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries**

**Publicly announced consolidated financial statements and  
related disclosures at March 31, 2022 together with  
auditor's review report and interim activity report**

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

(Convenience translation of the independent auditor’s review report originally issued in Turkish, See Note I. of Section three)

## **Independent Auditors’ Report on Review of Consolidated Interim Financial Information**

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

### **Introduction**

We have reviewed the consolidated statement of financial position of Türkiye Sınai Kalkınma Bankası A.Ş. (“the Bank”) and its consolidated financial subsidiaries (together will be referred as “the Group”) at March 31, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

### **Basis of Qualified Conclusion**

As explained in Section Five II.7 Explanations and Disclosures Related to the Liabilities of Consolidated Balance Sheet, the accompanying consolidated financial statements as at March 31, 2022 include a free provision at an amount of TL 440,000 thousands provided in prior years and TL 215,000 allocated in the current period, totaling TL 655,000 by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

### **Qualified Conclusion**

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. at March 31, 2022 and of the results of its operations and its cash flows for the three-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

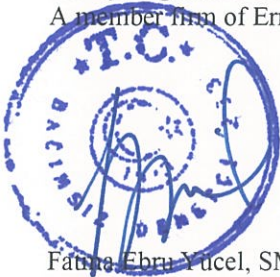
### **Report on other regulatory requirements arising from legislation**

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, are not consistent with the reviewed interim 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, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Fatma Ebru Yücel, SMMM  
Partner

29 April 2022  
İstanbul, Türkiye



**THE CONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

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

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

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

**Subsidiaries**

Yatırım Finansman Menkul Değerler A.Ş.  
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.  
Yatırım Varlık Kiralama A.Ş.

**Associates**

İş Finansal Kiralama A.Ş.  
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.  
İş Faktoring A.Ş.

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

29 April 2022

 <b>Adnan BALI</b> Chairman of Board of Directors	 <b>Murat BİLGİÇ</b> Member of Board of Directors and General Manager	 <b>Aziz Ferit ERASLAN</b> Executive Vice President In Charge of Financial Reporting	 <b>Tolga SERT</b> Head of Financial Control Department
 <b>Gamze YALÇIN</b> Chairman of Audit Committee		 <b>Bahattin ÖZARSLANTÜRK</b> Member of Audit Committee	

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

**Name-Surname / Title :** Tolga Sert / Head of Financial Control Department  
**Telephone Number :** (0212) 334 51 97

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**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

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

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

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

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

<b>Current Period</b>	<b>Share</b>	<b>Shareholding</b>	<b>Paid in</b>	<b>Unpaid</b>
<b>Name Surname/Commercial Title</b>	<b>Capital</b>	<b>Rate (%)</b>	<b>Capital</b>	<b>Capital</b>
T. İş Bankası A.Ş. Group	1.438.280	51,37	1.438.280	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.127.150	40,25	1.127.150	-
<b>Total</b>	<b>2.800.000</b>	<b>100,00</b>	<b>2.800.000</b>	<b>-</b>

<b>Prior Period</b>	<b>Share</b>	<b>Shareholding</b>	<b>Paid in</b>	<b>Unpaid</b>
<b>Name Surname/Commercial Title</b>	<b>Capital</b>	<b>Rate (%)</b>	<b>Capital</b>	<b>Capital</b>
T. İş Bankası A.Ş. Group	1.438.280	51,37	1.438.280	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.127.150	40,25	1.127.150	-
<b>Total</b>	<b>2.800.000</b>	<b>100,00</b>	<b>2.800.000</b>	<b>-</b>

The Parent Bank shares are traded in Istanbul Stock Exchange ("BIST") since 26 December 1986. The Parent Bank's 51,37% of the shares belongs to İş Bank Group and 40,25% of these shares are in free floating and traded in BIST Star Market with "TSKB" ticker.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(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 Parent Bank**

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

<b>Name Surname</b>	<b>Title (1)</b>
Adnan Bali	Chairman of the Board of Directors
Ece Börü (3)	Deputy of the Board of Directors
Murat Bilgiç (2)	Member of Board of Directors and General Manager
Gamze Yalçın (3)	Member of the Board of Directors and Chairman of the Audit Committee
Bahattin Özarslantürk	Member of the Board of Directors and Member of the Audit Committee
Mithat Rende	Member of the Board of Directors
Murat Doğan	Member of the Board of Directors
Celal Caner Yıldız (4)	Member of the Board of Directors
Abdi Serdar Üstünsalih	Member of the Board of Directors
Hüseyin Yalçın	Member of the Board of Directors
Cengiz Yavilioğlu	Member of the Board of Directors

**General Manager and Vice Presidents**

<b>Name Surname</b>	<b>Title / Area of Responsibility</b>
Murat Bilgiç (2)	General Manager
Hakan Aygen	Executive Vice President – Corporate Finance, Loan Analysis, Loan Allocation, Featured Loans
A. Ferit Eraslan	Executive Vice President – Financial Control, Budget Planning, Corporate Compliance
Aslı Zerrin Hancı	Executive Vice President – Treasury, Treasury & Capital Markets Operations, Loan Operations, Corporate Communication
Hasan Hepkaya	Executive Vice President – Consultancy Services and Marketing, Corporate Banking Selling, Project Finance, Economic Research, Financial Consultancy
Meral Murathan	Executive Vice President – Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, Engineering and Technical Consultancy
Engin Topaloğlu	Executive Vice President – Board of Inspectors, Risk Management, Internal Control

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

(2) Member of the Board of Directors and General Manager of the Bank, Mrs. Ece Börü resigned from the General Manager position as of April 6, 2022. With the Board of Directors Decision dated March 25, 2022, Mr. Murat Bilgiç was appointed as the General Manager and started his duty as of 7 April 2022.

(3) Deputy Chairman of the Board of Directors, Independent Member of the Board of Directors and Chairman of the Audit Committee, Mr. Mahmut Magemizoğlu resigned from his post. At the Bank's Board of Directors meeting dated April 7, 2022, the Vice Chairman of the Board of Directors was vacant, within the framework of Article 363 of the Turkish Commercial Code, Mr. Ece Börü was appointed as the Chairman of the Audit Committee within the framework of Article 363 of the Turkish Commercial Code. It was decided to elect Gamze Yalçın.

(4) Board Member Mr. Ozan Uyar resigned from his post. At the Bank's Board of Directors meeting dated April 7, 2022, Mr. Celal Caner Yıldız was chosen.

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 2022 in the General Assembly Meeting held on 29 March 2022.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**  
(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 Parent Bank**

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

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

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş. and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. and Yatırım Varlık Kiralama A.Ş. are included in the accompanying consolidated financial statements by line by line consolidation method; İş Finansal Kiralama A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and İş Faktoring A.Ş. are included in the accompanying consolidated financial statements by equity method.

Financial institutions included in the consolidation are determined in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 numbered 26340.

**Yatırım Finansman Menkul Değerler A.Ş. :**

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



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(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 89,15%. The company’s headquarters is located at Istanbul/Turkey.

**Yatırım Varlık Kiralama A.Ş. :**

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

**İş Finansal Kiralama A.Ş. :**

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

**İş Faktoring A.Ş. :**

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(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)**

**İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :**

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

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

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

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

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 MARCH 2022**

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

ASSETS	Section 5 Note I	Reviewed Current Period 31 March 2022			Audited Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>7.631.149</b>	<b>15.602.767</b>	<b>23.233.916</b>	<b>6.180.962</b>	<b>11.181.611</b>	<b>17.362.573</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>3.569.219</b>	<b>7.139.451</b>	<b>10.708.670</b>	<b>1.726.208</b>	<b>3.945.944</b>	<b>5.672.152</b>
1.1.1 Cash and Balances with Central Bank	(1)	34.728	2.012.803	2.047.531	14.716	2.023.420	2.038.136
1.1.2 Banks	(3)	5.572	5.129.463	5.135.035	282.457	1.925.304	2.207.761
1.1.3 Money Market Placements		3.529.238	-	3.529.238	1.429.167	-	1.429.167
1.1.4 Expected Credit Losses (-)		319	2.815	3.134	132	2.780	2.912
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(2)</b>	<b>77.188</b>	<b>-</b>	<b>77.188</b>	<b>42.759</b>	<b>263.097</b>	<b>305.856</b>
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		53.465	-	53.465	32.276	-	32.276
1.2.3 Other Financial Assets		23.723	-	23.723	10.483	263.097	273.580
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(4)</b>	<b>2.518.739</b>	<b>8.035.340</b>	<b>10.554.079</b>	<b>2.642.160</b>	<b>6.293.117</b>	<b>8.935.277</b>
1.3.1 Government Debt Securities		2.186.788	7.805.977	9.992.765	2.254.125	6.096.386	8.350.511
1.3.2 Equity Instruments		86.315	229.363	315.678	83.751	196.731	280.482
1.3.3 Other Financial Assets		245.636	-	245.636	304.284	-	304.284
<b>1.4 Derivative Financial Assets</b>	<b>(2)</b>	<b>1.466.003</b>	<b>427.976</b>	<b>1.893.979</b>	<b>1.769.835</b>	<b>679.453</b>	<b>2.449.288</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		1.466.003	427.976	1.893.979	1.769.835	679.453	2.449.288
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>8.414.005</b>	<b>57.618.606</b>	<b>66.032.611</b>	<b>8.969.119</b>	<b>56.330.165</b>	<b>65.299.284</b>
<b>2.1 Loans</b>	<b>(5)</b>	<b>5.170.665</b>	<b>59.443.675</b>	<b>64.614.340</b>	<b>6.230.754</b>	<b>57.889.759</b>	<b>64.120.513</b>
<b>2.2 Lease Receivables</b>	<b>(10)</b>	<b>10.788</b>	<b>345.647</b>	<b>356.435</b>	<b>10.238</b>	<b>336.329</b>	<b>346.567</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>(6)</b>	<b>3.848.527</b>	<b>687.048</b>	<b>4.535.575</b>	<b>3.321.632</b>	<b>634.071</b>	<b>3.955.703</b>
2.4.1 Government Debt Securities		3.848.527	687.048	4.535.575	3.321.632	634.071	3.955.703
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Losses (-)</b>		<b>615.975</b>	<b>2.857.764</b>	<b>3.473.739</b>	<b>593.505</b>	<b>2.529.994</b>	<b>3.123.499</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64.403</b>	<b>-</b>	<b>64.403</b>
3.1 Held for Sale Purpose		-	-	-	64.403	-	64.403
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>841.508</b>	<b>-</b>	<b>841.508</b>	<b>815.503</b>	<b>-</b>	<b>815.503</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(7)</b>	<b>801.082</b>	<b>-</b>	<b>801.082</b>	<b>777.551</b>	<b>-</b>	<b>777.551</b>
4.1.1 Accounted Under Equity Method		801.082	-	801.082	777.551	-	777.551
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	<b>(8)</b>	<b>38.305</b>	<b>-</b>	<b>38.305</b>	<b>36.116</b>	<b>-</b>	<b>36.116</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		38.305	-	38.305	36.116	-	36.116
<b>4.3 Entities under Common Control (Joint Venture) (Net)</b>		<b>2.121</b>	<b>-</b>	<b>2.121</b>	<b>1.836</b>	<b>-</b>	<b>1.836</b>
4.3.1 Joint Ventures Valued Based on Equity Method		2.121	-	2.121	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	1.836	-	1.836
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(12)</b>	<b>479.624</b>	<b>-</b>	<b>479.624</b>	<b>479.361</b>	<b>-</b>	<b>479.361</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(13)</b>	<b>4.023</b>	<b>-</b>	<b>4.023</b>	<b>4.514</b>	<b>-</b>	<b>4.514</b>
6.1 Goodwill		1.005	-	1.005	1.005	-	1.005
6.2 Other		3.018	-	3.018	3.509	-	3.509
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(14)</b>	<b>336.177</b>	<b>-</b>	<b>336.177</b>	<b>336.177</b>	<b>-</b>	<b>336.177</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>218</b>	<b>-</b>	<b>218</b>	<b>209</b>	<b>-</b>	<b>209</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(15)</b>	<b>872.684</b>	<b>-</b>	<b>872.684</b>	<b>396.583</b>	<b>-</b>	<b>396.583</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(17)</b>	<b>832.671</b>	<b>40.448</b>	<b>873.119</b>	<b>1.222.133</b>	<b>111.795</b>	<b>1.333.928</b>
<b>TOTAL ASSETS</b>		<b>19.412.059</b>	<b>73.261.821</b>	<b>92.673.880</b>	<b>18.468.964</b>	<b>67.623.571</b>	<b>86.092.535</b>

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 MARCH 2022**

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

		Reviewed Current Period 31 March 2022			Audited Prior Period 31 December 2021			
		Section 5 Note II	TL	FC	Total	TL	FC	Total
LIABILITIES AND EQUITY								
I.	DEPOSITS	(1)	-	-	-	-	-	-
II.	FUNDS BORROWED	(3)	92.786	59.090.720	59.183.506	119.231	54.154.809	54.274.040
III.	MONEY MARKET BALANCES		1.434.060	900.135	2.334.195	713.079	698.140	1.411.219
IV.	MARKETABLE SECURITIES ISSUED (Net)	(3)	783.028	16.217.438	17.000.466	879.492	14.927.941	15.807.433
4.1	Bills		191.318	-	191.318	93.237	-	93.237
4.2	Assets Backed Securities		591.710	-	591.710	786.255	-	786.255
4.3	Bonds		-	16.217.438	16.217.438	-	14.927.941	14.927.941
V.	BORROWER FUNDS		18.443	249.267	267.710	11.191	680.513	691.704
5.1	Borrower Funds		18.443	249.267	267.710	11.191	680.513	691.704
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	442.500	215.590	658.090	801.270	320.009	1.121.279
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		442.500	215.590	658.090	801.270	320.009	1.121.279
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES	(5)	3.992	-	3.992	4.678	-	4.678
X.	PROVISIONS	(7)	766.241	61.170	827.411	488.689	58.780	547.469
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		47.224	-	47.224	33.367	-	33.367
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		719.017	61.170	780.187	455.322	58.780	514.102
XI.	CURRENT TAX LIABILITY	(8)	732.475	-	732.475	225.072	-	225.072
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)	-	2.916.300	2.916.300	-	4.029.204	4.029.204
14.1	Loans		-	2.916.300	2.916.300	-	-	-
14.2	Other Debt Instruments		-	-	-	-	4.029.204	4.029.204
XV.	OTHER LIABILITIES		242.679	844.446	1.087.125	409.935	548.736	958.671
XVI.	SHAREHOLDERS' EQUITY		7.907.551	(244.941)	7.662.610	7.238.548	(216.782)	7.021.766
16.1	Paid-in capital	(11)	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2	Capital Reserves		1.386	-	1.386	1.386	-	1.386
16.2.1	Share Premium		1.012	-	1.012	1.012	-	1.012
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		487.562	23.597	511.159	483.242	16.502	499.744
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		253.771	(268.538)	(14.767)	196.233	(233.284)	(37.051)
16.5	Profit Reserves		3.702.948	-	3.702.948	2.609.620	-	2.609.620
16.5.1	Legal Reserves		440.208	-	440.208	381.427	-	381.427
16.5.2	Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3	Extraordinary Reserves		3.184.179	-	3.184.179	2.149.632	-	2.149.632
16.5.4	Other Profit Reserves		2.920	-	2.920	2.920	-	2.920
16.6	Profit Or Loss		570.544	-	570.544	1.058.956	-	1.058.956
16.6.1	Prior Years' Profit/Loss		(34.487)	-	(34.487)	(22.153)	-	(22.153)
16.6.2	Current Year Profit/Loss		605.031	-	605.031	1.081.109	-	1.081.109
16.7	Non-Controlling Interests		91.340	-	91.340	89.111	-	89.111
TOTAL LIABILITIES AND EQUITY			12.423.755	80.250.125	92.673.880	10.891.185	75.201.350	86.092.535

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET**  
**AS OF 31 MARCH 2022**

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

		Reviewed Current Period 31 March 2022			Audited Prior Period 31 December 2021			
		Section 5						
OFF-BALANCE SHEET		Note III	TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		11.575.248	93.638.835	105.214.083	10.087.461	98.584.719	108.672.180
I.	GUARANTEES AND COLLATERALS	(1)	817.069	7.634.702	8.451.771	337.754	7.945.061	8.282.815
1.1	Letters of Guarantee		817.069	2.272.453	3.089.522	251.849	2.660.952	2.912.801
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		817.069	2.272.453	3.089.522	251.849	2.660.952	2.912.801
1.2	Bank Acceptances		-	211.643	211.643	-	170.742	170.742
1.2.1	Import Letter of Acceptance		-	211.643	211.643	-	170.742	170.742
1.2.2	Other Bank Acceptance		-	-	-	-	-	-
1.3	Letters of Credit		-	5.150.606	5.150.606	85.905	5.113.367	5.199.272
1.3.1	Documantery Letters of Credit		-	5.150.606	5.150.606	85.905	5.113.367	5.199.272
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)	3.345.556	10.772.279	14.117.835	2.124.218	9.400.185	11.524.403
2.1	Irrevocable Commitments		2.567.342	1.049.005	3.616.347	1.567.024	795.425	2.362.449
2.1.1	Forward Asset Purchase and Sale Commitments		43.403	475.560	518.963	84.156	294.071	378.227
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	164.430	164.430	-	157.380	157.380
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		2.523.939	409.015	2.932.954	1.482.868	343.974	1.826.842
2.2	Revocable Commitments		778.214	9.723.274	10.501.488	557.194	8.604.760	9.161.954
2.2.1	Revocable Loan Granting Commitments		778.214	9.723.274	10.501.488	557.194	8.604.760	9.161.954
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	7.412.623	75.231.854	82.644.477	7.625.489	81.239.473	88.864.962
3.1	Derivative Financial Instruments for Hedging Purposes		-	21.099.636	21.099.636	-	27.012.103	27.012.103
3.1.1	Fair Value Hedge		-	21.099.636	21.099.636	-	27.012.103	27.012.103
3.1.2	Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held for Trading Transactions		7.412.623	54.132.218	61.544.841	7.625.489	54.227.370	61.852.859
3.2.1	Forward Foreign Currency Buy/Sell Transactions		640.397	810.721	1.451.118	652.330	1.633.747	2.286.077
3.2.1.1	Forward Foreign Currency Transactions-Buy		561.425	160.545	721.970	573.527	490.868	1.064.395
3.2.1.2	Forward Foreign Currency Transactions-Sell		78.972	650.176	729.148	78.803	1.142.879	1.221.682
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		6.675.627	53.238.601	59.914.228	6.913.070	52.562.061	59.475.131
3.2.2.1	Foreign Currency Swap-Buy		923.363	11.306.854	12.230.217	714.846	13.556.545	14.271.391
3.2.2.2	Foreign Currency Swap-Sell		5.519.376	5.646.835	11.166.211	5.936.002	7.167.646	13.103.648
3.2.2.3	Interest Rate Swap-Buy		116.444	18.142.456	18.258.900	131.111	15.918.935	16.050.046
3.2.2.4	Interest Rate Swap-Sell		116.444	18.142.456	18.258.900	131.111	15.918.935	16.050.046
3.2.3	Foreign Currency, Interest Rate, and Securities Options		53.298	82.896	136.194	8.540	16.170	24.710
3.2.3.1	Foreign Currency Options-Buy		26.649	41.448	68.097	4.270	8.085	12.355
3.2.3.2	Foreign Currency Options-Sell		26.649	41.448	68.097	4.270	8.085	12.355
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		-	-	-	16.214	15.392	31.606
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	8.247	7.696	15.943
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	7.967	7.696	15.663
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		43.301	-	43.301	35.335	-	35.335
B.	CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		154.251.769	938.780.636	1.093.032.405	78.243.073	766.859.683	845.102.756
IV.	ITEMS HELD IN CUSTODY		2.563.111	1.500.337	4.063.448	2.057.418	1.235.367	3.292.785
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		1.933.509	1.500.337	3.433.846	1.928.041	1.235.367	3.163.408
4.3	Checks Received for Collection		248	-	248	248	-	248
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		629.354	-	629.354	129.129	-	129.129
V.	PLEDGES ITEMS		143.961.649	750.923.160	894.884.809	68.482.225	599.876.328	668.358.553
5.1	Marketable Securities		456.247	-	456.247	456.247	-	456.247
5.2	Guarantee Notes		68.775	2.445.228	2.514.003	111.006	2.181.577	2.292.583
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		54.426.395	201.458.443	255.884.838	8.875.479	152.961.497	161.836.976
5.6	Other Pledged Items		89.010.232	547.019.489	636.029.721	59.039.493	444.733.254	503.772.747
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED BILL OF EXCHANGE AND COLLATERALS		7.727.009	186.357.139	194.084.148	7.703.430	165.747.988	173.451.418
TOTAL OFF BALANCE SHEET ITEMS (A+B)			165.827.017	1.032.419.471	1.198.246.488	88.330.534	865.444.402	953.774.936

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



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT PROFIT OR LOSS**  
**FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2022**

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

STATEMENT OF PROFIT OR LOSS		Section 5 Note IV	Reviewed Current Period 1 January 2022 – 31 March 2022	Reviewed Prior Period 1 January 2021 – 31 March 2021
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>1.879.019</b>	<b>937.063</b>
1.1	Interest on Loans		1.064.069	643.909
1.2	Interest Received from Reserve Deposits		237	99
1.3	Interest Received from Banks		8.557	4.744
1.4	Interest Received from Money Market Placements		166.367	90.207
1.5	Interest Received from Marketable Securities Portfolio		632.769	193.721
1.5.1	Fair Value Through Profit or Loss		1.072	775
1.5.2	Fair Value Through other Comprehensive Income		234.820	102.946
1.5.3	Measured at Amortized Cost		396.877	90.000
1.6	Finance Lease Income		3.611	1.851
1.7	Other Interest Income		3.409	2.532
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	<b>(2)</b>	<b>618.661</b>	<b>378.533</b>
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		240.061	131.648
2.3	Interest on Money Market Borrowings		32.042	17.939
2.4	Interest on Securities Issued		345.736	225.015
2.5	Leasing Interest Expense		91	222
2.6	Other Interest Expense		731	3.709
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>1.260.358</b>	<b>558.530</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME / EXPENSES</b>		<b>60.041</b>	<b>35.206</b>
4.1	Fees and Commissions Received		67.472	40.219
4.1.1	Non-cash Loans		10.914	6.780
4.1.2	Other		56.558	33.439
4.2	Fees and Commissions Paid (-)		7.431	5.013
4.2.1	Non-cash Loans		1.967	803
4.2.2	Other		5.464	4.210
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>7.068</b>	<b>4.223</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	<b>(4)</b>	<b>291.675</b>	<b>29.024</b>
6.1	Securities Trading Gains / (Losses)		10.578	(295)
6.2	Derivative Financial Instruments Gains / Losses		891.561	563.335
6.3	Foreign Exchange Gains / Losses (Net)		(610.464)	(534.016)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>71.499</b>	<b>187.239</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1.690.641</b>	<b>814.222</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	<b>(6)</b>	<b>412.231</b>	<b>317.492</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(6)</b>	<b>319.403</b>	<b>30.000</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>84.837</b>	<b>51.697</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>94.410</b>	<b>171.493</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>779.760</b>	<b>243.540</b>
<b>XIV.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT / (LOSS) ON EQUITY METHOD</b>		<b>50.286</b>	<b>37.336</b>
<b>XVI.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>	<b>(8)</b>	<b>830.046</b>	<b>280.876</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>223.658</b>	<b>53.730</b>
18.1	Provision for Current Income Taxes		695.065	11.317
18.2	Deferred Tax Income Effect (+)		135.806	113.550
18.3	Deferred Tax Expense Effect (-)		607.213	71.137
<b>XIX.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>(10)</b>	<b>606.388</b>	<b>227.146</b>
<b>XX.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXI.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXII.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1	Provision for Current Income Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(11)</b>	<b>606.388</b>	<b>227.146</b>
25.1	Group's Profit / Loss		605.031	227.110
25.2	Minority Shares (-)		1.357	36
	Earning / (loss) per share		0,216	0,081

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2022**

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

		Reviewed Current Period 1 January 2022 – 31 March 2022	Reviewed Prior Period 1 January 2021– 31 March 2021
	<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I.</b>	<b>CURRENT PERIOD INCOME / LOSS</b>	<b>606.388</b>	<b>227.146</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>33.699</b>	<b>(210.111)</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>11.415</b>	<b>11.042</b>
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	109	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	12.119	11.042
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(813)	-
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>22.284</b>	<b>(221.153)</b>
2.2.1	Foreign Currency Translation Differences	17.725	6.025
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	23.324	(263.282)
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	(24.273)	(16.476)
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	5.508	52.580
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>640.087</b>	<b>17.035</b>

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2022**

(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
I.	Prior Period – 31 March 2021																	
II.	Prior Period End Balance		2.800.000	776	-	374	342.425	1.392	45.975	39.852	75.014	110.895	1.947.077	712.819	-	6.076.599	54.170	6.130.769
	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		2.800.000	776	-	374	342.425	1.392	45.975	39.852	75.014	110.895	1.947.077	712.819	-	6.076.599	54.170	6.130.769
IV.	Total Comprehensive Income		-	-	-	-	-	-	11.042	6.025	(210.702)	(16.476)	-	-	227.110	16.999	36	17.035
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	(7)	-	-	-	-	-	-	-	-	(29)	562	-	526	2.595	3.121
XI.	Profit Distribution		-	-	-	-	(955)	-	-	-	-	-	662.573	(732.260)	-	(73.642)	-	(73.642)
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(73.551)	-	(73.551)	-	(73.551)
11.2	Transfers to Reserves		-	-	-	-	(955)	-	-	-	-	-	662.573	(621.709)	-	(91)	-	(91)
11.3	Other		-	-	-	-	-	-	-	-	-	-	40.000	(40.000)	-	-	-	-
	Period-End Balance		2.800.000	769	-	374	341.470	1.392	57.017	45.877	(135.688)	94.419	2.609.621	(21.879)	227.110	6.020.482	56.801	6.077.283

1. Accumulated Revaluation Increase / Decrease of Fixed Assets

2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan

3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

4. Foreign Currency Translation Differences

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

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

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2022**

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

CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss		Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss		Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
						1	2	3	4	5	6				
I. Current Period – 31 March 2022															
II. Prior Period End Balance		2.800.000	1.012	-	374	433.530	(4.635)	70.849	104.425	(283.293)	141.817	2.609.620	1.058.956	-	7.021.766
III. 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	1.012	-	374	433.530	(4.635)	70.849	104.425	(283.293)	141.817	2.609.620	1.058.956	-	7.021.766
IV. Total Comprehensive Income		-	-	-	-	(981)	277	12.119	17.725	28.832	(24.273)	-	605.031	638.730	640.087
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		-	-	-	-	-	-	-	-	(8)	352	-	344	872	1.216
XI. Profit Distribution		-	-	-	-	-	-	-	-	1.093.336	(1.093.795)	-	(459)	-	(459)
11.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(268)	-	(268)	-	(268)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	1.050.211	(1.050.402)	-	(191)	-	(191)
11.3 Other		-	-	-	-	-	-	-	-	43.125	(43.125)	-	-	-	-
Period-End Balance		2.800.000	1.012	-	374	432.549	(4.358)	82.968	122.150	(254.461)	117.544	3.702.948	(34.487)	605.031	7.571.270

1. Accumulated Revaluation Increase / Decrease of Fixed Assets

2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan

3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

4. Foreign Currency Translation Differences

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

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

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	Reviewed Current Period 31 March 2022	Reviewed Prior Period 31 March 2021
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>41.705.424</b>	<b>894.740</b>
1.1.1 Interest Received		3.319.719	927.732
1.1.2 Interest Paid		(879.321)	(416.460)
1.1.3 Dividends Received		7.068	4.223
1.1.4 Fees and Commissions Received		67.472	40.219
1.1.5 Other Income		23.553	47.308
1.1.6 Collections from Previously Written off Loans		36.578	78.667
1.1.7 Payments to Personnel and Service Suppliers		(129.719)	(83.761)
1.1.8 Taxes Paid		(524.859)	(125.524)
1.1.9 Others		39.784.933	422.336
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(33.987.540)</b>	<b>(1.849.601)</b>
1.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		(1.316.708)	(2.973)
1.2.2 Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3 Net (Increase) (Decrease) in Loans		(32.542.440)	(1.243.818)
1.2.4 Net (Increase) (Decrease) in Other Assets		263.335	(150.774)
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		(872.076)	298.793
1.2.9 Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities		480.349	(750.829)
<b>I. Net Cash Provided by / (used in) Banking Operations</b>		<b>7.717.884</b>	<b>(954.861)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided by / (used in) Investing Activities</b>		<b>(1.406.045)</b>	<b>(190.742)</b>
2.1 Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries		721	14.523
2.3 Purchases of Property and Equipment		(5.115)	(6.436)
2.4 Disposals of Property and Equipment		43	86
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(1.853.334)	(766.202)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income		1.136.162	405.722
2.7 Purchase of Financial Assets Measured at Amortized Cost		(1.029.323)	-
2.8 Sale of Financial Assets Measured at Amortized Cost		342.977	162.446
2.9 Others		1.824	(881)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided by / (used in) Financing Activities</b>		<b>(1.462.683)</b>	<b>2.768.767</b>
3.1 Cash Obtained From Funds Borrowed and Securities Issued		3.152.058	2.843.068
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(4.578.525)	-
3.3 Capital Increase		-	-
3.4 Dividends Paid		(268)	(73.551)
3.5 Payments for Financial Leases		(35.948)	(750)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>162.027</b>	<b>131.448</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>5.027.208</b>	<b>1.754.612</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>3.661.118</b>	<b>1.864.624</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>8.672.302</b>	<b>3.619.236</b>

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



### **SECTION THREE**

#### **ACCOUNTING POLICIES**

##### **I. Basis of presentation**

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

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

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

The accounting policies and valuation principles used in the 2022 period of Group 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 consolidated financial statements and footnotes have been prepared in accordance with the "Communique' on Publicly Announced Financial Statements Explanations and notes to the Financial Statements" and "Communique on Disclosures About Risk Management to be Announced to Public by Banks."

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

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of March 31, 2022 are not adjusted for inflation in accordance with TAS 29.

##### **Additional paragraph for convenience translation to English**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

##### **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. The Bank began to apply principal and interest translation to its customers who demanded for support and convenience in the sectors whose cash flows deteriorated since was affected by the COVID-19 epidemic and the protection measures taken in 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 30 September 2021 and considering the magnitude of the economic changes occurred due to COVID-19, the Bank made estimates in the calculation of expected credit losses and disclosed these in footnote VIII "Disclosures on impairment of financial assets". In the coming periods, the Bank will update its relevant assumptions according to necessary extents and review the realizations of past estimates.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY- 31 MARCH 2022**

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**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.

**Changes in accounting policies and disclosures**

TAS / TFRS changes, which entered into force as of 1 January 2022 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.

**I.d The items for which different accounting policies were applied while preparing the consolidated financial statements and their ratios to the total of the related items in the consolidated financial statements**

Different accounting policies are not applied while preparing the consolidated financial statements.

**I.e Other**

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. The Group does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Group operates, no direct impact is expected on Group operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Group's operations because of the uncertainty about how the crisis will evolve.

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

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

Due to the fact that the great majority of the loans extended by the the Group have a flexibility of reflecting changes in the market interest rates to the customers, the interest rate risk is kept at minimum level. Moreover, the highly profitable Eurobond and the foreign currency government indebtness securities portfolio have the attribute of eliminating the risks of interest rate volatility. The fixed rate Subordinated bond, Eurobond and Greenbond issued by the Group and a portion of fixed rate funds borrowed are subject to fair value hedge accounting. The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial liabilities. The changes in the fair value of the hedged fixed rate financial liabilities and hedging interest rate swaps are recognized under the statement of profit/loss.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

In the beginning and later period of the hedging transaction, the aforementioned hedging transactions are expected to offset changes occurred in the relevant period of the hedging transaction and hedged risk (attributable to hedging risk) and effectiveness tests are performed in this regard. The Group performs effectiveness test at the beginning of the hedge accounting and at each reporting period. The effectiveness tests are carried out using the “Dollar off-set model” and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness.

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

TFRS 9 provides the option of deferring the adoption of TFRS 9 hedge accounting and the option to continue to apply the provisions of TAS 39 hedge accounting in the selection of accounting policies. In this context, the Parent Bank continues to apply the provisions of TAS 39 hedge accounting.

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

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

The movements of foreign exchange rates in the market, interest rates and prices are monitored instantaneously. While taking positions, the Group’s unique operating and control limits are watched effectively besides statutory limits. Limit overs are not allowed. The Parent Bank’s strategy of hedging interest rate and foreign currency risks arising from fixed and variable interest rate funds and foreign currency fair value through other comprehensive income securities are indicated below:

A great majority of foreign currency fair value through other comprehensive income securities are financed with foreign currency resources. Accordingly, the anticipated possible depreciation of local currency against other currencies is eliminated. A foreign currency basket is formulated in terms of the indicated foreign currency to eliminate the risk exposure of changes in cross currency parity. Interest rate risk is mitigated by constituting a balanced asset composition in compliance with the structure of fixed and floating rate of funding resources.

The hedging strategies for other foreign exchange risk exposures: A stable foreign exchange position strategy is implemented and to be secured from cross currency risk, the current foreign exchange position is monitored by considering a currency basket in specific foreign currencies.

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**III. Explanations on associates and subsidiaries**

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

**IV. Explanations on forward and option contracts and derivative instruments**

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

The derivative financial instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. Derivative financial instruments of the Group are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income". Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values. Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transaction.

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**V. Explanations on associates and subsidiaries**

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

**VI. Explanations on interest income and expenses**

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

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected creditloss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest Income From Loans" for calculated amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), interest income at subsequent reporting periods are calculated by applying the effective interest rate to the gross amount.

Interest income and expenses are recorded at their fair values and are accounted for on an accrual basis using the effective interest method (the rate that equates the future cash flows of the financial asset or liability to its current net book value) considering the current principal amount.

**VII. Explanations on fees and commission income and expenses**

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. Income from asset purchases to a third party or by natural or legal persons contracts are recognized in the period they occur.

**VIII. Explanations on financial assets**

**Initial recognition of financial instruments**

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



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on financial assets (continued)**

**Initial measurement of financial instruments**

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

**Classification of financial instruments**

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

**Assessment of business model**

As per TFRS 9, the Parent Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on the intent of the management on an individual financial intermediary, so the condition is not a classification approach on the basis of a financial instrument but an evaluation by combining the financial assets. When the business model used for the management of financial assets is being evaluated, all evidence is taken into account. Such evidence includes the following:

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

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

- Business model aimed to hold assets in order to collect contractual cash flows: This is a model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Business model whose objective is to hold assets in order to collect contractual cash flows: The Parent Bank may hold financial assets in this business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on financial assets (continued)**

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

- Other Business Model: Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

**The contractual cash flows including solely principle and interest on principle**

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In a basic lending agreement, the time value of money and the consideration of credit risk are often the most important element of interest. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

**Measurement categories of financial assets and liabilities**

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

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

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

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aimed to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and in case of the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from shortterm fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. The Parent Bank classifies certain loans and securities issued at their origination dates, as financial assets/liabilities at fair value through profit/ loss, irrevocably in order to eliminate any accounting mismatch in compliance with TFRS 9. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. In accordance with the Uniform Chart of Accounts (THP) explanations, the positive difference between the acquisition cost and the discounted value of the financial asset is in “Interest Income”, if the fair value of the asset is above the discounted value, the positive difference is calculated in the “Capital Market Transactions Profits” account, if the fair value is below the discounted value, the negative difference between the discounted value and the fair value is recorded in the “Capital Market Transactions Losses” account. In case the financial asset is disposed of before maturity, the resulting gains or losses are accounted for on the same basis.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on financial assets (continued)**

**Measurement categories of financial assets and liabilities (continued)**

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

Syndicated loans extended to Ojer Telekomünikasyon 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 Türk Telekom's issued capital, pledged in favor of the creditors, were completed on 21 December 2018, by LYY Telekomünikasyon A.Ş. (formerly known as Levent Yapılandırma Yonetimi A.Ş.) which was established as a privately-owned company and all creditors are direct or indirect shareholders. The Parent Bank has a share of 1,617% in LYY Telekomünikasyon A.Ş., which is the share of OTAŞ receivables.

Later, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. dated September 23, 2019, it was decided to convert some of the loan to capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of shares increased from TL 0,8 to TL 64.403.

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

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

As of 31 March 2022, Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş. 192.500.000.000 Group A shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sales amount, a collection was made from the related loan in proportion to the Bank's share.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on financial assets (continued)**

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

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

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

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

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

**c. Financial Assets Measured at Amortized Cost:**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

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

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on financial assets (continued)**

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

The Parent Bank considered expected inflation index of future cash flows prevailing at the reporting date while calculating internal rate of return of the Consumer Price Indexed (CPI) marketable securities. The effect of this application is accounted as interest received from marketable securities in the consolidated financial statements. These securities are valued and accounted according to the effective interest method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. As stated in the Investor's Guide of CPI Government Bonds by Republic of Turkey Undersecretariat of Treasury the reference indices used to calculate the actual coupon payment amounts of these securities are based on the previous two months CPI's. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate is estimated by considering the expectancies of the Central Bank and the Bank which are updated as needed within the year.

**d. Loans:**

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

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

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

**IX. Explanations on impairment of financial assets**

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

At each reporting date, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occuring for the financial instrument.



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IX. Explanations on impairment of financial assets (continued)**

**Calculation of expected credit losses**

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Risk parameters used in TFRS 9 calculations are included in the future macroeconomic information. While macroeconomic information is included, macroeconomic forecasting models and multiple scenarios used in the Internal Capital Assessment Process (“ICAAP”) are considered.

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

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

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

- 12-month PD: as the estimated probability of default occurring within the next 12 months following the balance sheet date.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

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

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

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

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

***Stage 1:***

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

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IX. Explanations on impairment of financial assets (continued)**

**Calculation of expected credit losses (continued)**

**Stage 2:**

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. Calculation of expected credit losses is similar to descriptions above, but probability of default and loss given default rates are estimated through the life of the instrument.

**Stage 3:**

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

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

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Parent Bank and its consolidated financial subsidiaries is based on a more than 90 days past due definition.
2. Subjective Default Definition: It means the conviction that the debt will not be paid. If the borrower is deemed to be unable to perform its obligations on the loan, the borrower should be considered in default, regardless of whether there is a pending balance or the number of days of default.

**Debt instruments measured at fair value through other comprehensive income**

In accordance with TFRS 9, impairment provisions are applied for financial assets measured at fair value through other comprehensive income when recognizing and measuring expected loss provision. However, the carrying amount of the financial asset at fair value through other comprehensive income is not reduced in the statement of financial position. The expected loss provision is recognized in other comprehensive income and when the related financial asset is derecognised, the expected loss provision previously recognized in other comprehensive income is classified in the income statement.

**Significant increase in credit risk**

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

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

Quantitative assessments compare the relative change between the probability of default (PR) measured at the transaction date and the PD measured at the report date. In the event of a significant deterioration in PD, the credit risk is considered to have increased significantly and the financial asset is classified as Tier 2. In this context, the Parent Bank calculated threshold values to determine at what rate the relative change is a significant deterioration.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IX. Explanations on impairment of financial assets (continued)**

**Significant increase in credit risk (continued)**

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

Within the scope of qualitative assessments, if any of the following conditions are met, the related financial asset is classified as Stage 2.

- 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

Three scenarios are used in forward-looking expectations: base, bad and good. Final provisions are calculated by weighting over the probabilities given to the scenarios. As of March 31, 2022, within the scope of the ECL effects of COVID-19, the weight of the base scenario from 3 scenarios has been reduced and the weight of the worst and worst scenario has been increased. In addition, for the possible effects, the Bank has established additional provisions for the sectors and customers whose effects are considered to be high by making individual valuations for the risks that cannot be captured through the models in the expected credit loss calculation.

This approach, which is preferred in provision calculations, will be reviewed in the following reporting periods by considering the effect of the pandemic, portfolio and future expectations.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**a. Offsetting of financial instruments**

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

**b. Derecognition of financial instruments**

**Derecognition of financial assets due to change in contractual terms**

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset can lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a ‘new’ financial asset. When the Parent Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

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

**Derecognition of financial assets without any change in contractual terms**

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

**Derecognition of financial liabilities**

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

**c. Reclassification of financial instruments**

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

The Parent Bank has fulfilled the requirements of reclassification during transition to TFRS 9 and such reclassification details are presented in Section 3, Note VIII.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**d. Restructuring and refinancing of financial instruments**

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

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

Restruered 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:

- Recovery in debt service
- At least one year should pass over the date of restructuring
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as nonperforming (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing
- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XI. Explanations on sales and repurchase agreements and lending of securities**

Funds provided under repurchase agreements are accounted under “Funds Provided under Repurchase Agreements-TL” and “Funds Provided under Repurchase Agreements-FC” accounts.

The repurchase agreements of the Group are based on the Eurobonds and government bonds issued by Republic of Turkey Undersecretariat of Treasury. Marketable securities subject to repurchase agreements are classified under assets at fair value through profit or loss, assets at fair value through other comprehensive income or assets at measured at amortized costs with parallel to classifications of financial instruments. The income and expenses from these transactions are reflected to the interest income and interest expense accounts in the income statement. Receivables from reverse repurchase agreements are recorded in “Receivables from Reverse Repurchase Agreements” account in the balance sheet.

**XII. Explanations on assets held for sale and discontinued operations**

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

Events or 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 entry remains committed to its plan to sell the asset (or disposal group). Gains or losses relating to discontinued operations are presented separately in the income statement. 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.

As of 31 March 2022, LYY Telekomünikasyon A.Ş. owned which Türk Telekomünikasyon A.Ş. 192.500.000.000 A group registered shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, a collection was made from the related loan in proportion to the Bank's share. However, as of 31 March 2022, a provision for impairment has been made for the entire acquired asset. and 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.

**XIII. Explanations on goodwill and other intangible assets**

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the subsidiary or jointly controlled interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIII. Explanations on goodwill and other intangible assets (continued)**

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

**XIV. Explanations on tangible assets**

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

As of the third quarter of 2015, the Group changed its accounting policy and adopted revaluation method on annual basis under scope of Standard on Tangible Fixed Assets (TAS 16) with respect to valuation of immovable included in its building and lands. The amortization periods of real estates are specified in the appraisal's report. In case of the cost of tangible assets over the net realizable value estimated under the "Turkish accounting standards for impairment of assets" (TAS 36), the value of the asset is reduced to its "net realizable value" and are reserved impairment provision associated with expense accounts.

The positive difference between appraisement value and net book value of the property is accounted under shareholder' equity. Related valuation models such as cost model, market value and discounted cash flow projections approaches are used in valuation of real estates. There is no pledge, mortgage or any other lien on tangible assets. Tangible assets are depreciated with straight-line method and their useful lives are determined in accordance with the Turkish Accounting Standards.

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

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

***Investment Properties***

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

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XV. Explanations on leasing transactions**

**TFRS 16 Leases**

TFRS 16 Leasing standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Bank has started to apply “TFRS 16 Leases” Standard starting from 1 January 2019. The Bank has applied TFRS 16 with a simplified retrospective approach. The new accounting policies of the Bank regarding to application TFRS 16 are stated below:

***Right-of-use assets***

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

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

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

***Lease Liabilities***

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

The lease payments include:

- a) Fixed payments (including in-substance fixed payments) less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate,
- c) Amounts expected to be paid under residual value guarantees.
- d) 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.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period when the event or condition that triggers the payment occurs. The Parent Bank uses the revised discount rate for the remainder of the lease term, as this rate if the implied interest rate in the lease can be easily determined; If it cannot be determined easily, the Parent Bank determines it as the alternative borrowing interest rate at the date of reassessment.



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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XV. Explanations on leasing transactions (continued)**

**TFRS 16 Leases (continued)**

After the lease actually commenced, the Parent Bank measures the lease liability as follows:

- (a) Increase the carrying amount to reflect the interest on the lease liability, and
- (b) Decreases book value to reflect lease payments made.

In addition, if there is a change in the lease term, a change in the underlying fixed lease payments, or a change in the assessment of the option to purchase the underlying asset, the value of the finance lease liabilities is remeasured.

On June 5, 2020, POA made changes to TFRS 16 “Leases” by publishing Concessions Granted in Rent Payments Related to COVID-19 - “Amendments to TFRS 16 Leases”. Continuing Concessions in Rent Payments Related to COVID-19 After 30 June 2021-“Amendments to TFRS 16” was published in the Official Gazette dated 7 April 2021 and numbered 31447. With this change, tenants are exempted from evaluating whether the concessions granted due to COVID-19 in rent payments have been changed or not. The said change did not have a significant impact on the financial position or performance of the Bank. However, due to the high level of the epidemic, on 7 April 2021, POA decided to extend the exemption to include the privileges that caused a decrease in lease payments due on or before 30 June 2022. The change in question did not have a significant impact on the Bank's financial position or performance.

***Short-term leases and leases of low-value assets***

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

***The Group as Lessor***

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

***The Group as Lessee***

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

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

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVI. Explanations on provisions and contingent liabilities**

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If aforesaid criteria did not form, the Group discloses the issues mentioned in notes to financial statements. Provisions are determined by using the Parent Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material. Contingent assets consist of unplanned or other unexpected events that usually cause a possible inflow of economic benefits to the Group.

***Explanations on contingent assets***

Since recognition of the contingent assets in the financial statements would result in the accounting of an income, which may never be generated, the related assets are not included in the financial statements; on the other hand, if the inflow of the economic benefits of these assets to the Parent Bank is probable, an explanation is made thereon in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and in case the inflow of the economic benefit to the Parent Bank is almost certain, the related asset and the respective income are recognized in the financial statements of the period in which the change occurred.

**XVII. Explanations on liabilities regarding employee benefits**

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. The Group calculates a provision for severance pay to allocate that employees need to be paid upon retirement or involuntarily leaving by estimating the present value of probable amount. There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period. Actuarial gains and losses are accounted under Shareholder's Equity since 1 January 2013 in accordance with the Revised TAS 19.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on liabilities regarding employee benefits (continued)**

Employees of the Parent Bank are members of “Türkiye Sınai Kalkınma Bankası Anonim Şirketi Memur ve Müstahdemleri Yardım ve Emekli Vakfı” and “Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı” (“the Pension Fund”). Technical financial statements of those funds are subject to audit in accordance with the Insurance Law and provisions of “Regulations on Actuaries” issued based on the related law by an actuary registered in the Actuarial Registry.

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

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

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

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28227 and Law no 5510 dated 8 March 2012. It has been resolved that the transfer process has been extended two year with Council of Ministers’ Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with Council of Minister Decree No: 2013/467, has become effective on 3 May 2013 and was published in the Official Gazette No: 28636 and transfer need to be completed until 8 May 2014. However, it has been decided to extend the time related to transfer by the decision of Council of Minister published in the Official Gazette No. 28987 dated 30 April 2014 for one more year due to not to realize the transfer process. In accordance with the Health and Safety Law which became effective on 4 April 2015 and published in the Official Gazette No: 29335 and law no 6645 and dated 23 April 2015 and together with some amendments and statutory decree, Council of Ministers authorized for the determination of transfer date to the Social Security institution and the transfer of Pension Fund was postponed to an unknown date. There is no decision taken by the Cabinet with regards to issue at the date of financial statements. Unmet social benefits and payments of the pension fund participants and other employees that receive monthly income although they are within the scope of the related settlement deeds would be met by pension funds and the institutions employ these participants after the transfer of pension funds to the Social Security Institution.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on liabilities regarding employee benefits (continued)**

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2021 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 17 January 2022. There is no need for technical or actual deficit to book provision as of 31 December 2021. In addition, the Parent Bank's management anticipates that any liability that may come out during the transfer period and after, in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Parent Bank.

**XVIII. Explanations on taxation**

Income tax expense is the sum of current tax expense and deferred tax income or expense.

Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit is calculated taking into account items of income or expense that are taxable or deductible, and items that are not taxable or deductible. Taxable profit therefore differs from the profit reported in the income statement.

As of March 31, 2022, the Corporate Tax rate valid in Turkey is 23%. However, with the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, Article 26 With the paragraph added to the provisional article 13 of the Corporate Tax Law No. 5520, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2022 taxation period. This amendment will be valid in the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 01 July 2022. Since the tax rate change came into effect as of April 15, 2022, 23% was used as the tax rate in the period tax calculations in the financial statements dated March 31, 2022 (December 31, 2021: 25%).

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated December 31, 2023.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the legal tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Deferred tax is recognized for Stage 1 and Stage 2 expected loss provisions.

Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss. Carrying amount of deferred tax asset is reviewed as of each balance sheet date.

Carrying value of deferred tax asset is reduced to the extent that it is not probable that a taxable profit will be obtained to allow some or all of the deferred tax asset to be benefited. Deferred tax is calculated over the tax rates valid in the period when assets are created or liabilities are fulfilled and recorded as expense or income in the income statement. However, if the deferred tax is related to assets directly associated with equity in the same or a different period, it is

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVIII. Explanations on taxation (continued)**

directly associated with the equity account group. Deferred tax receivables and liabilities are netted off.

Pursuant to Article 53 of the Banking Law dated October 19, 2005 and numbered 5411, all of the special provisions set aside for loans and other receivables are taken into account as an expense in the determination of the corporate tax base in the year they are allocated pursuant to the second paragraph of the same article.

***Transfer pricing***

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

**XIX. Additional explanations on borrowings**

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

**XX. Explanations on share certificates issued**

In the meeting of the General Assembly held on 29 March 2022 it has been resolved that the Parent Bank has no capital increase.

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

**XXI. Explanations on acceptances**

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

**XXII. Explanations on government incentives**

The Parent Bank does not use government incentives.

**XXIII. Explanations on segment reporting**

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

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**ACCOUNTING POLICIES (Continued)**

**XXIII. Explanations on segment reporting (continued)**

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 Group's net profit, total assets and total liabilities are shown below.

<b>Current Period</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Net Interest Income	368.605	872.175	19.578	1.260.358
Net Fees and Commission Income	10.182	21.174	28.685	60.041
Other Income	-	281.397	139.131	420.528
Other Expense	(746.826)	(21.481)	(142.574)	(910.881)
Profit Before Tax	(368.039)	1.153.265	44.820	830.046
Tax Provision				(223.658)
<b>Net Profit</b>				<b>606.388</b>
Group's profit / loss				605.031
Minority share profit / loss				1.357
<b>Current Period</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Segment Assets	60.822.054	26.964.446	4.045.872	91.832.372
Investment in Associates and Subsidiaries	-	-	841.508	841.508
<b>Total Assets</b>	<b>60.822.054</b>	<b>26.964.446</b>	<b>4.887.380</b>	<b>92.673.880</b>
Segment Liabilities	77.315.319	2.757.537	4.938.414	85.011.270
Shareholders' Equity	-	-	7.662.610	7.662.610
<b>Total Liabilities</b>	<b>77.315.319</b>	<b>2.757.537</b>	<b>12.601.024</b>	<b>92.673.880</b>

<b>Prior Period(*)</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Net Interest Income	199.635	352.530	6.365	558.530
Net Fees and Commission Income	6.523	4.194	24.489	35.206
Other Income	-	33.385	224.437	257.822
Other Expense	(354.199)	(7.632)	(208.851)	(570.682)
Profit Before Tax	(148.041)	382.477	46.440	280.876
Tax Provision				(53.730)
<b>Net Profit</b>				<b>227.146</b>
Group's profit / loss				227.110
Minority share profit / loss				36
<b>Prior Period (**)</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Segment Assets	61.059.338	20.057.449	4.160.245	85.277.032
Investment in Associates and Subsidiaries	-	-	815.503	815.503
<b>Total Assets</b>	<b>61.059.338</b>	<b>20.057.449</b>	<b>4.975.748</b>	<b>86.092.535</b>
Segment Liabilities	72.199.242	1.776.620	5.094.907	79.070.769
Shareholders' Equity	-	-	7.021.766	7.021.766
<b>Total Liabilities</b>	<b>72.199.242</b>	<b>1.776.620</b>	<b>12.116.673</b>	<b>86.092.535</b>

(\*) Includes information on 31 March 2021.

(\*\*) Includes information on 31 December 2021.

# TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY- 31 MARCH 2022

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

### SECTION FOUR

#### INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

##### I. Explanations related to consolidated 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 2022, the capital adequacy ratio of Bank has been calculated as 20,46% (31 December 2021: 20,80%).

In the calculation of the amount subject to credit risk, in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy, as of January 01, 2022, until a Board Decision is taken against the application by the BRSA decision dated 21 December 2021 and numbered 9996; Monetary and non-monetary assets, excluding items in foreign currency measured in historical cost, are calculated in accordance with Turkish Accounting Standards and the relevant special provisions are calculated by using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31 December 2021 allowed to continue.

In addition, with the Board Decision of the same date and numbered, in case the net valuation differences of the securities held by the banks in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" as of the date of the Decision are negative, these differences are negative, dated 05.09.2013 and numbered 28756. It has provided the opportunity not to be taken into account in the amount of equity to be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette and to be used for the capital adequacy ratio.

	Consolidated Current Period	Consolidated Prior Period
<b>CORE EQUITY TIER 1 CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	2.800.374	2.800.374
Share premiums	1.012	1.012
Reserves	3.702.948	2.609.620
Other comprehensive income according to TAS	948.660	878.164
Profit	570.544	1.058.956
Current Period Profit	605.031	1.081.109
Prior Period Profit	(34.487)	(22.153)
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Minority shareholder	91.340	89.111
<b>Core Equity Tier 1 Capital Before Deductions</b>	<b>8.114.878</b>	<b>7.437.237</b>
<b>Deductions from Core Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the 1 <sup>st</sup> clause of article 9.(i) of the Regulation on Bank Capital	-	-
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	97.077	88.769
Leasehold improvements on operational leases	2.591	2.728
Goodwill (net of related tax liability)	1.005	1.005
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	3.018	3.509
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communique 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	-	-

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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

Shares obtained against article 56, paragraph 4 of Banking Law	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank does not own 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I capital	50.633	91.446
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	-	-
<b>Total Regulatory Adjustments to Tier I Capital</b>	<b>154.324</b>	<b>187.457</b>
<b>Core Equity Tier I Capital</b>	<b>7.960.554</b>	<b>7.249.780</b>
<b>ADDITIONAL TIER I CAPITAL</b>	<b>2.916.300</b>	-
Preferred stock not included in core equity and related share premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	2.916.300	-
Debt instruments and the related issuance premiums defined by the BRSA (Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above tier i capital	-	-
The total of net long position of the direct or indirect investments in additional Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	-	-
Goodwill and other intangible assets and related deferred tax liabilities 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 (-)	-	-
Net deferred tax asset/liability which is not deducted from Core Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Core Equity Tier I Capital+Additional Tier I Capital)</b>	<b>10.876.854</b>	<b>7.249.780</b>
<b>TIER II CAPITAL</b>	-	-
Debt instruments and the related issuance premiums defined by the BRSA (*)	-	3.932.850
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)	626.920	654.352
Shares of Third Parties in Tier II Capital	-	-
Shares of Third Parties in Tier II Capital (Temporary Article 3)	-	-
<b>Tier II Capital Before Deductions</b>	<b>626.920</b>	<b>4.587.202</b>
<b>Deductions From Tier II Capital</b>	-	-
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.	-	-
(*) Bank; It has decided to use the early redemption option of the supplementary capital bond issue with a nominal amount of USD 300 million in the current period, the redemption date of 29 March 2027 and an early redemption option on 29 March 2022. Then, the bond was redeemed on 29 March 2022.		



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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Common Equity Tier I capital (-)	-	-
Total of net long positions of the investments in Tier II Capital items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>626.920</b>	<b>4.587.202</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>11.503.774</b>	<b>11.836.982</b>
<b>Deductions from Total Capital</b>		
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	-	-
<b>Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period</b>		
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	-	-
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	<b>11.503.774</b>	<b>11.836.982</b>
Total Risk Weighted Assets	56.218.502	56.920.346
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Adequacy Ratio (%)	14,16	12,74
Consolidated Tier I Capital Adequacy Ratio (%)	19,35	12,74
Consolidated Capital Adequacy Ratio (%)	20,46	20,80
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	2.512	2.510
(a) Capital conservation buffer requirement (%)	2,500	2,500
(b) Bank specific counter-cyclical buffer requirement (%)	0,012	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	7,28	6,74
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	791.985	725.211
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

<b>Limits Related to Provisions Considered in Tier II Calculation</b>		
General reserves for receivables where the standard approach used (before tenthousandtwentyfive limitation)	2.368.017	2.056.896
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	626.920	654.352
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	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
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 consolidated equity items and on balance sheet figures.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**Information on debt instruments to be included in the equity calculation**

Issuer	Türkiye İş Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN etc.)	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Official Gazette Date: 05.09.2013 Official Gazette Number: 28756)
<b>Consideration in Equity Calculation</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and/or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	The loan to be included in the additional Tier 1 capital calculation
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date – Million USD )	200
Par value of instrument (Million USD)	200
Accounting classification	347000 (Liability) – Subordinated Debt Instruments
Original date of issuance	30 March 2022
Perpetual or dated	Undated
Original starting and maturity date	31 March 2022
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early payment option for the first 5 years (after the 5th year) on 31 March 2027.
Subsequent call dates, if applicable	After the 5th year, the relevant option can be used. If it is not used after the 5th year, it can be used at any time by the borrower with the permission of the BRSA.
<b>Interest/dividend payments</b>	
Fixed or floating dividend/coupon	Fixed / semiannually coupon payment, principal payment at the maturity
Coupon rate and any related index	-
Existence of a dividend stopper	Yes.
Fully discretionary, partially discretionary or mandatory	Yes.(The Lender has the authority to cancel the interest payments under the Credit.)
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible or non-convertible</b>	
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
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	None.
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 contribution capitals
In compliance with article number 7 and 8 of "Own fund regulation"	It has the conditions set forth in Article 7. It does not meet the conditions stated in Article 8.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	It has the conditions set forth in Article 7. It does not meet the conditions stated in Article 8.

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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations related to consolidated currency risk**

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

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

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

	<b>1 US Dollar</b>	<b>1 Euro</b>
<b>The Parent Bank's "Foreign Exchange Valuation Rate"</b>		
31 March 2022	14,5815	16,2802
<b><u>Prior Five Workdays:</u></b>		
30 March 2022	14,5375	16,1483
29 March 2022	14,7415	16,1847
28 March 2022	14,7535	16,1448
25 March 2022	14,7560	16,2714
24 March 2022	14,7460	16,1911

Simple arithmetic thirty-day averages of the US Dollar and Euro buying rates of the Parent Bank before the reporting date are full TL 14,5232 and 16,0050 respectively.

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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations related to consolidated currency risk (continued)**

*Information on the Group's foreign currency risk:*

	<b>Euro</b>	<b>US Dollar</b>	<b>Other FC</b>	<b>Total</b>
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	759.002	1.253.801	-	2.012.803
Banks	327.597	4.794.991	6.875	5.129.463
Financial Assets at Fair Value Through Profit or Loss (1)	81.303	192.255	1.709	275.267
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1.352.614	6.682.726	-	8.035.340
Loans (2)	23.987.980	36.628.662	-	60.616.642
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	687.048	-	687.048
Derivative Financial Assets for Hedging Purposes (5)	-	81.848	-	81.848
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (3)	1.420	29.851	289	31.560
<b>Total Assets</b>	<b>26.509.916</b>	<b>50.351.182</b>	<b>8.873</b>	<b>76.869.971</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	414.719	485.416	-	900.135
Funds Provided From Other Financial Institutions	21.212.626	40.794.394	-	62.007.020
Marketable Securities Issued (4)	-	16.217.438	-	16.217.438
Miscellaneous Payables	113.057	728.372	1.790	843.219
Derivative Financial Liabilities for Hedging Purposes (5)	-	22.329	-	22.329
Other Liabilities (6)	159.484	236.574	1.276	397.334
<b>Total Liabilities</b>	<b>21.899.886</b>	<b>58.484.523</b>	<b>3.066</b>	<b>80.387.475</b>
<b>Net Balance Sheet Position</b>	<b>4.610.030</b>	<b>(8.133.341)</b>	<b>5.807</b>	<b>(3.517.504)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(3.947.374)</b>	<b>9.141.223</b>	<b>(4.049)</b>	<b>5.189.800</b>
Financial Derivative Assets	2.418.689	13.489.424	225.203	16.133.316
Financial Derivative Liabilities	(6.366.063)	(4.348.201)	(229.252)	(10.943.516)
Non-Cash Loans (7)	3.223.849	4.410.853	-	7.634.702
<b>Prior Period</b>				
Total Assets	28.645.822	42.478.232	7.596	71.131.650
Total Liabilities	20.736.285	54.578.105	2.383	75.316.773
<b>Net Balance Sheet Position</b>	<b>7.909.537</b>	<b>(12.099.873)</b>	<b>5.213</b>	<b>(4.185.123)</b>
<b>Net Off -Balance Sheet Position</b>	<b>(7.223.999)</b>	<b>12.891.458</b>	<b>(3.795)</b>	<b>5.663.664</b>
Financial Derivative Assets	1.650.353	16.216.394	198.105	18.064.852
Financial Derivative Liabilities	(8.874.352)	(3.324.936)	(201.900)	(12.401.188)
Non-Cash Loans (7)	2.643.435	5.301.626	-	7.945.061

(1) Exchange rate differences arising from derivative transactions amounting to TL 75.961 is deducted from "Financial Assets at Fair Value Through Profit or Loss".

(2) Loans include TL 1.534.024 foreign currency indexed loans, TL 345.647 financial lease receivables, TL 1.471.305 non-performing loans, and TL (706.704) credit-impaired losses (Stage III / Special Provision).

(3) Prepaid expenses amounting to TL 8.618, foreign currency purchase commitment discounts with value date amounting to TL 396 and 12-month expected loss provisions for Other Assets amounting to TL (126) are not included in 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 (5.100) is deducted from "Derivative Financial Assets for Hedging Purposes".

(6) Exchange rate differences arising from derivative transactions amounting to TL 46.061, forward foreign exchange buying transaction discounts amounting to TL 335 and other provisions amounting to TL 61.170 have not been included in "Other Liabilities".

(7) Has no effect on net off-balance sheet position.

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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**III. Explanations related to consolidated interest rate risk**

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

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

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

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

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

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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK  
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**III. Explanations related to consolidated interest rate risk (continued)**

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)(2)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	34.448	-	-	-	-	2.013.083	2.047.531
Banks	4.417.038	107.523	-	-	-	610.474	5.135.035
Financial Assets at Fair Value Through Profit and Loss (3)	652.000	670.552	355.072	146.703	82.389	64.451	1.971.167
Money Market Placements	1.917.132	1.522.320	89.786	-	-	-	3.529.238
Financial Assets at Fair Value through Other Comprehensive Income	1.127.469	25.078	3.594.204	2.156.375	3.276.093	374.860	10.554.079
Loans	11.825.048	18.286.163	17.162.907	12.022.568	4.502.685	-	63.799.371
Financial Assets Measured at Amortized Cost	3.848.528	-	-	-	687.047	-	4.535.575
Other Assets (2)	-	-	-	-	-	1.101.884	1.101.884
<b>Total Assets</b>	<b>23.821.663</b>	<b>20.611.636</b>	<b>21.201.969</b>	<b>14.325.646</b>	<b>8.548.214</b>	<b>4.164.752</b>	<b>92.673.880</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.164.704	169.491	-	-	-	-	2.334.195
Miscellaneous Payables	-	-	-	-	-	922.725	922.725
Marketable Securities Issued (4)	-	193.433	5.319.389	10.898.049	-	589.595	17.000.466
Funds Provided from Other Financial Institutions	13.978.299	12.966.875	23.784.530	9.281.659	2.088.443	-	62.099.806
Other Liabilities	103.768	113.558	301.887	117.417	43.085	9.636.973	10.316.688
<b>Total Liabilities</b>	<b>16.246.771</b>	<b>13.443.357</b>	<b>29.405.806</b>	<b>20.297.125</b>	<b>2.131.528</b>	<b>11.149.293</b>	<b>92.673.880</b>
<b>Balance Sheet Long Position</b>	<b>7.574.892</b>	<b>7.168.279</b>	<b>-</b>	<b>-</b>	<b>6.416.686</b>	<b>-</b>	<b>21.159.857</b>
<b>Balance Sheet Short Position</b>	<b>-</b>	<b>-</b>	<b>(8.203.837)</b>	<b>(5.971.479)</b>	<b>-</b>	<b>(6.984.541)</b>	<b>(21.159.857)</b>
<b>Off-Balance Sheet Long Position</b>	<b>1.099.216</b>	<b>1.615.815</b>	<b>-</b>	<b>-</b>	<b>397.970</b>	<b>-</b>	<b>3.113.001</b>
<b>Off-Balance Sheet Short Position</b>	<b>-</b>	<b>-</b>	<b>(1.286.237)</b>	<b>(818.299)</b>	<b>-</b>	<b>-</b>	<b>(2.104.536)</b>
<b>Total Position</b>	<b>8.674.108</b>	<b>8.784.094</b>	<b>(9.490.074)</b>	<b>(6.789.778)</b>	<b>6.814.656</b>	<b>(6.984.541)</b>	<b>1.008.465</b>

(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 netted off on the related maturity.

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)(2)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	14.377	-	-	-	-	2.023.759	2.038.136
Banks	1.636.396	158.348	-	-	-	413.017	2.207.761
Financial Assets at Fair Value Through Profit and Loss (3)	912.282	595.440	496.031	436.025	278.573	36.793	2.755.144
Money Market Placements	1.133.533	295.634	-	-	-	-	1.429.167
Financial Assets at Fair Value through Other Comprehensive Income	609.575	851.602	1.056.641	3.085.250	2.992.616	339.593	8.935.277
Loans	14.462.424	11.362.726	21.573.974	11.342.250	4.600.649	-	63.342.023
Financial Assets Measured at Amortized Cost	136.439	1.338.351	1.846.843	-	634.070	-	3.955.703
Other Assets (2)	-	-	-	64.403	-	1.364.921	1.429.324
<b>Total Assets</b>	<b>18.905.026</b>	<b>14.602.101</b>	<b>24.973.489</b>	<b>14.927.928</b>	<b>8.505.908</b>	<b>4.178.083</b>	<b>86.092.535</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.411.219	-	-	-	-	-	1.411.219
Miscellaneous Payables	-	-	-	-	-	806.040	806.040
Marketable Securities Issued (4)	548.751	4.137.972	-	14.379.189	-	770.725	19.836.637
Funds Provided from Other Financial Institutions	5.353.533	14.079.034	25.577.865	7.252.607	2.011.001	-	54.274.040
Other Liabilities	167.844	340.721	237.904	201.373	197.432	8.619.325	9.764.599
<b>Total Liabilities</b>	<b>7.481.347</b>	<b>18.557.727</b>	<b>25.815.769</b>	<b>21.833.169</b>	<b>2.208.433</b>	<b>10.196.090</b>	<b>86.092.535</b>
<b>Balance Sheet Long Position</b>	<b>11.423.679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.297.475</b>	<b>-</b>	<b>17.721.154</b>
<b>Balance Sheet Short Position</b>	<b>-</b>	<b>(3.955.626)</b>	<b>(842.280)</b>	<b>(6.905.241)</b>	<b>-</b>	<b>(6.018.007)</b>	<b>(17.721.154)</b>
Off-Balance Sheet Long Position	-	-	1.232.134	3.545.932	427.778	-	5.205.844
Off-Balance Sheet Short Position	(3.421.124)	(855.431)	-	-	-	-	(4.276.555)
<b>Total Position</b>	<b>8.002.555</b>	<b>(4.811.057)</b>	<b>389.854</b>	<b>(3.359.309)</b>	<b>6.725.253</b>	<b>(6.018.007)</b>	<b>929.289</b>

(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 netted off on the related maturity.

(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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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

	<b>Euro</b>	<b>US Dollar</b>	<b>Yen</b>	<b>TL</b>
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	8,50
Banks	1,98	0,26	-	-
Financial Assets at Fair Value through Profit and Loss	-	-	-	19,21
Money Market Placements	-	-	-	18,58
Financial Assets at Fair Value through Other Comprehensive Income	4,55	5,17	-	17,78
Loans	5,04	5,76	-	19,51
Financial Asset Measured at Amortized Cost	-	5,60	-	26,41
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,11	0,24	-	14,65
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	5,80	-	18,75
Borrower Funds	0,10	0,20	-	11,00
Funds Provided From Other Financial Institutions	1,10	2,24	-	16,35

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

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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

	<b>Euro</b>	<b>US Dollar</b>	<b>Yen</b>	<b>TL</b>
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	8,50
Banks	0,51	0,12	-	23,92
Financial Assets at Fair Value Through Profit and Loss (2)	-	4,55	-	18,30
Money Market Placements	-	-	-	17,03
Financial Assets at Fair Value through Other Comprehensive Income	4,55	4,78	-	17,24
Loans	4,80	5,83	-	18,57
Financial Asset Measured at Amortized Cost	-	5,60	-	23,66
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,11	0,23	-	15,36
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	6,19	-	16,50
Borrower Funds	0,10	0,20	-	11,00
Funds Provided From Other Financial Institutions	1,09	1,40	-	17,42

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

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

**IV. Explanations related to consolidated stock position risk**

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

***Equity shares risk due from banking book***

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

<b>Current Period</b>	<b>Comparison</b>		
<b>Share Certificate Investments</b>	<b>Book Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>Investment in Shares-Grade A</b>	<b>691.328</b>	-	<b>882.447</b>
Quoted	691.328	-	882.447
<b>Prior Period</b>	<b>Comparison</b>		
<b>Share Certificate Investments</b>	<b>Book Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>Investment in Shares-Grade A</b>	<b>670.283</b>	-	<b>776.588</b>
Quoted	670.283	-	776.588

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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

*Equity shares risk due from banking book (continued)*

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

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	109.506	109.506	-	-	-
Other Share Certificates	-	199.187	199.187	-	-	-
<b>Total</b>	<b>-</b>	<b>308.693</b>	<b>308.693</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	124.113	124.113	-	-	-
Other Share Certificates	-	181.475	181.475	-	-	-
<b>Total</b>	<b>-</b>	<b>305.588</b>	<b>305.588</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**V. Consolidated liquidity risk management and coverage ratio**

**1. Explanations related to the consolidated liquidity risk:**

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

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

The Parent Bank's liquidity risk capacity is determined by the 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 Parent Bank, and monitoring the implementations. Treasury Department performs cash position management within the framework of the decisions taken at Asset and Liability Committee meetings.

The Risk Management Department reports to the Board of Directors and the Asset and Liability Committee regarding liquidity risk within the scope of internal limits and legal regulations. 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 epidemic, liquidity management has been one of the main priorities of the Parent Bank. The Parent Bank continues to manage LCR within the framework of risk appetite by keeping its high quality liquid assets at a sufficient level.

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

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

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

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

**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK  
MANAGEMENT (Continued)**

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

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

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

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

**1.d Information on consolidated liquidity risk mitigation techniques**

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

**1.e Information on the use of stress tests**

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

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

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

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

**2. Consolidated Liquidity Coverage Ratio:**

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

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
<b>31/01/2022</b>	421	420	403	331
<b>28/02/2022</b>	443	408	261	328
<b>31/03/2022</b>	235	241	286	295

	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
<b>Current Period</b>				
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 High quality liquid assets			9.912.695	6.793.597
<b>CASH OUTFLOWS</b>				
2 Retail and Customers Deposits	-	-	-	-
3 Stable deposits	-	-	-	-
4 Less stable deposits	-	-	-	-
5 Unsecured Funding other than Retail and Small Business Customers Deposits	5.311.885	3.981.463	4.479.997	3.172.931
6 Operational deposits	547.833	524.158	136.958	131.040
7 Non-Operational Deposits	-	-	-	-
8 Other Unsecured Funding	4.764.052	3.457.305	4.343.039	3.041.891
9 Secured funding			-	-
10 Other Cash Outflows	559.411	702.492	559.411	702.492
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	322.949	466.030	322.949	466.030
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	236.462	236.462	236.462	236.462
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	53.202.130	48.769.235	2.660.106	2.438.462
15 Other irrevocable or conditionally revocable commitments	20.111.442	17.235.112	2.518.089	1.714.835
<b>16 TOTAL CASH OUTFLOWS</b>			<b>10.217.603</b>	<b>8.028.720</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	4.597	-	-	-
18 Unsecured Lending Transactions	8.393.431	4.065.184	7.004.637	3.192.244
19 Other contractual cash inflows	455.555	4.005.043	455.555	4.005.043
<b>20 TOTAL CASH INFLOWS</b>	<b>8.853.583</b>	<b>8.070.227</b>	<b>7.460.192</b>	<b>7.197.287</b>
			Upper Limit Applied Amounts	
<b>21 TOTAL HQLA STOCK</b>			<b>9.912.695</b>	<b>6.793.597</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>2.757.411</b>	<b>2.007.180</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>359</b>	<b>338</b>

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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Consolidated 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
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 High quality liquid assets			7.482.972	4.794.941
<b>CASH OUTFLOWS</b>				
2 Retail and Customers Deposits	-	-	-	-
3 Stable deposits	-	-	-	-
4 Less stable deposits	-	-	-	-
5 Unsecured Funding other than Retail and Small Business Customers Deposits	3.310.090	2.420.874	2.360.276	1.490.151
6 Operational deposits	668.333	653.400	167.083	163.350
7 Non-Operational Deposits	-	-	-	-
8 Other Unsecured Funding	2.641.757	1.767.474	2.193.193	1.326.801
9 Secured funding			-	-
10 Other Cash Outflows	489.695	658.885	489.695	658.885
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	278.995	448.185	278.995	448.185
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	210.700	210.700	210.700	210.700
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	43.252.155	38.584.010	2.162.608	1.929.200
15 Other irrevocable or conditionally revocable commitments	18.049.801	15.554.693	2.301.725	1.576.106
16 <b>TOTAL CASH OUTFLOWS</b>			<b>7.314.304</b>	<b>5.654.342</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	3.929	-	-	-
18 Unsecured Lending Transactions	6.035.126	4.319.564	4.793.621	3.434.668
19 Other contractual cash inflows	203.843	2.290.271	203.843	2.290.271
20 <b>TOTAL CASH INFLOWS</b>	<b>6.242.898</b>	<b>6.609.835</b>	<b>4.997.464</b>	<b>5.724.939</b>
			Upper Limit Applied Amounts	
21 <b>TOTAL HQLA STOCK</b>			<b>7.482.972</b>	<b>4.794.941</b>
22 <b>TOTAL NET CASH OUTFLOWS</b>			<b>2.316.840</b>	<b>1.413.586</b>
23 <b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>323</b>	<b>339</b>

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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

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

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

Main funding source of the Parent Bank is long term loans attained from international financial institutions. The ratio of those loans in total funding is around 66.3%. The total ratio of the securities issued in purpose of funding diversification and loans attained through syndication loans in overall borrowing is 28.7%. 4.9% of the Parent Bank's total funding is provided from repurchase agreements.

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



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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

*Presentation of assets and liabilities according to their remaining maturities*

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	18	2.047.512	-	-	-	-	1	2.047.531
Banks	610.474	4.417.038	107.523	-	-	-	-	5.135.035
Financial Assets at Fair Value Through Profit and Loss (3)	64.451	859.153	743.277	295.403	8.883	-	-	1.971.167
Money Market Placements	-	1.917.132	1.522.320	89.786	-	-	-	3.529.238
Financial Assets at Fair Value Through Other Comprehensive Income	-	512.325	25.078	3.670.676	2.513.320	3.457.820	374.860	10.554.079
Loans	-	3.044.774	4.447.563	11.230.552	31.779.102	13.297.380	-	63.799.371
Financial Assets Measured at Amortized Cost	-	-	-	413.523	1.790.695	2.331.357	-	4.535.575
Other Assets (2)	640.068	69.728	292.141	231.957	-	-	(132.010)	1.101.884
<b>Total Assets</b>	<b>1.315.011</b>	<b>12.867.662</b>	<b>7.137.902</b>	<b>15.931.897</b>	<b>36.092.000</b>	<b>19.086.557</b>	<b>242.851</b>	<b>92.673.880</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	716.729	2.085.099	9.468.578	26.891.577	22.937.823	-	62.099.806
Money Market Borrowings	-	2.334.195	-	-	-	-	-	2.334.195
Marketable Securities Issued (4)	-	69.728	481.344	5.551.346	10.898.048	-	-	17.000.466
Miscellaneous Payables	-	-	-	-	-	-	922.725	922.725
Other Liabilities	-	278.217	177.388	224.110	-	-	9.636.973	10.316.688
<b>Total Liabilities</b>	<b>-</b>	<b>3.398.869</b>	<b>2.743.831</b>	<b>15.244.034</b>	<b>37.789.625</b>	<b>22.937.823</b>	<b>10.559.698</b>	<b>92.673.880</b>
<b>Liquidity Excess / Gap</b>	<b>1.315.011</b>	<b>9.468.793</b>	<b>4.394.071</b>	<b>687.863</b>	<b>(1.697.625)</b>	<b>(3.851.266)</b>	<b>(10.316.847)</b>	<b>-</b>
<b>Net Off-balance Sheet Position</b>	<b>-</b>	<b>45.948</b>	<b>524.219</b>	<b>341.385</b>	<b>14.023</b>	<b>82.885</b>	<b>-</b>	<b>1.008.460</b>
Financial Derivative Assets	-	5.920.268	2.723.080	9.445.189	18.377.338	5.360.593	-	41.826.468
Financial Derivative Liabilities	-	5.874.320	2.198.861	9.103.804	18.363.315	5.277.708	-	40.818.008
Non-cash Loans	-	110.398	845.606	4.433.286	1.029.878	1.748.745	283.858	8.451.771
<b>Prior Period</b>								
Total Assets	1.000.235	11.311.504	7.591.754	14.815.212	34.246.564	16.774.938	352.328	86.092.535
Total Liabilities	-	2.576.831	6.048.024	9.261.673	37.550.012	21.230.629	9.425.366	86.092.535
<b>Liquidity Excess / Gap</b>	<b>1.000.235</b>	<b>8.734.673</b>	<b>1.543.730</b>	<b>5.553.539</b>	<b>(3.303.448)</b>	<b>(4.455.691)</b>	<b>(9.073.038)</b>	<b>-</b>
<b>Net Off-balance Sheet Position</b>	<b>-</b>	<b>414.512</b>	<b>(256.457)</b>	<b>420.651</b>	<b>297.971</b>	<b>47.608</b>	<b>-</b>	<b>924.285</b>
Financial Derivative Assets	-	7.434.085	7.735.734	4.137.312	21.125.950	4.461.542	-	44.894.623
Financial Derivative Liabilities	-	7.019.573	7.992.191	3.716.661	20.827.979	4.413.934	-	43.970.338
Non-cash Loans	-	1.020.370	396.628	3.375.599	1.582.599	1.659.750	247.869	8.282.815

- (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 netted off on the related maturity.
- (3) Derivative financial assets and loans at fair value through profit or loss.
- (4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**VI. Explanations related to consolidated leverage ratio**

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

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

Leverage ratio of the Bank calculated from the arithmetic average of the three months is 8,21% (31 December 2021: 7,63%). Total balance sheet assets increased by 16,66% compare to prior period.

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

		<b>Current Period</b>	<b>Prior Period</b>
<b>1</b>	Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS (2)	61.168.352	61.168.352
<b>2</b>	The difference between Total Amount of Asset in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks (2)	(32.505.528)	(24.924.183)
<b>3</b>	The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	(318.422)	107.529
<b>4</b>	The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	1.733.346	1.326.573
<b>5</b>	The difference between total amount and total risk amount of off-balance sheet transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	(8.832.138)	(8.513.256)
<b>6</b>	The other differences between amount of assets and risk in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	-	-
<b>7</b>	<b>Total Exposures (1)</b>	<b>105.876.919</b>	<b>90.748.948</b>

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

(2) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the communiqué on preparation of consolidated financial statements of the Banks. Consolidated financial statements prepared in accordance with TAS are not audited as of 30 June 2021 and 31 December 2020 figures are used for prior period.

**c) Consolidated Leverage Ratio**

		<b>Current Period</b>	<b>Prior Period</b>
	<b>Balance sheet Assets</b>	<b>(1)</b>	<b>(1)</b>
<b>1</b>	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	90.501.017	77.843.905
<b>2</b>	(Assets deducted from Core Capital)	(152.968)	(243.561)
<b>3</b>	<b>Total risk amount of balance sheet assets (sum of lines 1 and 2)</b>	<b>90.348.049</b>	<b>77.600.344</b>
	<b>Derivative financial assets and credit derivatives</b>		
<b>4</b>	Cost of replenishment for derivative financial assets and credit derivatives	1.746.415	1.866.658
<b>5</b>	Potential credit risk amount of derivative financial assets and credit derivatives	465.986	475.101
<b>6</b>	<b>Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)</b>	<b>2.212.401</b>	<b>2.341.759</b>
	<b>Financing transactions secured by marketable security or commodity</b>		
<b>7</b>	Risk amount of financing transactions secured by marketable security or commodity	807.813	794.981
<b>8</b>	Risk amount arising from intermediary transactions	84.753	149.233
<b>9</b>	<b>Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)</b>	<b>892.566</b>	<b>944.214</b>
	<b>Off-balance sheet transactions</b>		
<b>10</b>	Gross notional amount of off-balance sheet transactions	21.256.041	18.375.887
<b>11</b>	(Correction amount due to multiplication with credit conversion rates)	(8.832.138)	(8.513.256)
<b>12</b>	<b>Total risk of off-balance sheet transactions (sum of lines 10 and 11)</b>	<b>12.423.903</b>	<b>9.862.631</b>
	<b>Capital and total risk</b>		
<b>13</b>	Core Capital	8.669.671	6.928.370
<b>14</b>	Total risk amount (sum of lines 3, 6, 9 and 12)	105.876.919	90.748.948
	<b>Leverage ratio</b>		
<b>15</b>	<b>Leverage ratio</b>	<b>8,19%</b>	<b>%7,63</b>

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

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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**VII. Explanations related to risk management**

**Linkages between financial statements and risk amounts**

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

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

**Disclosures on the Risk management approach and risk-weighted amount**

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

The risk management process, which is shaped within the scope of relevant policies and application principles and serves to create a common risk culture throughout the organization; It has a structure where risks are defined in accordance with international regulations and measurement, analysis, monitoring and reporting activities are carried out within this framework. A Risk Management Department has been established within the Parent Bank in order to ensure compliance with the relevant policy, application principles and processes and to manage the risks faced by the Parent Bank in line with these policies. The Risk Management Department, whose duties and responsibilities are determined by regulations approved by the Board of Directors, carries out its activities through the Assistant General Manager responsible for Internal Systems, who is independent of executive activities and executive units and reports to the Audit Committee.

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

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

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

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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**VII. Explanations related to consolidated risk management (continued)**

**Overview of risk weighted assets**

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk)	45.873.456	47.968.274	3.669.876
2	Standardised approach	45.873.456	47.968.274	3.669.876
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	2.300.199	2.566.850	184.016
5	Standardised approach for counterparty credit risk	2.300.199	2.566.850	184.016
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	1.417.050	1.289.800	113.364
17	Standardised approach	1.417.050	1.289.800	113.364
18	Internal model approaches	-	-	-
19	Operational risk	4.647.834	3.282.394	371.827
20	Basic indicator approach	4.647.834	3.282.394	371.827
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	1.979.963	1.813.028	158.397
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>56.218.502</b>	<b>56.920.346</b>	<b>4.497.480</b>

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and disclosures related to the consolidated assets**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	19	-	25	-
Balances with the Central Bank of Turkey	34.709	2.012.803	14.691	2.023.420
Other	-	-	-	-
<b>Total</b>	<b>34.728</b>	<b>2.012.803</b>	<b>14.716</b>	<b>2.023.420</b>

	Current Period(1)		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	34.709	18.323	14.691	16.706
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (1)	-	1.994.480	-	2.006.714
<b>Total</b>	<b>34.709</b>	<b>2.012.803</b>	<b>14.691</b>	<b>2.023.420</b>

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

(2) Expected credit loss amounting to TL 1.079 (31 December 2021: TL 1.086) is allocated in "Balances with the Central Bank of Turkey".

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

8,5 percent interest rate is applied to required reserves in Turkish lira, effective from 17 December 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 2022 are presented in table below:

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

Reserve Rates for Foreign Currency Liabilities (%)	
Original Maturity	Reserve Ratio
Borrower Funds	25
Until 1 year maturity (1 year included)	21
1-2 year maturity (2 year included)	16
2-3 year maturity (3 year included)	11
3-5 year maturity (5 year included)	7
More than 5 year maturity	5

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**SECTION FIVE (Continued)**

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

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

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

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

As of the reporting date, the Group has no financial assets designated at fair value through profit and loss given as collateral or blockage (31 December 2021: None).

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

As of the reporting date, the Group has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2021: None).

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

Derivative Financial Assets (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	44.501	665	37.763	1.971
Swap Transactions	1.421.502	350.054	1.732.072	420.944
Futures Transactions	-	-	-	-
Options	-	509	-	33
Other	-	-	-	-
<b>Total</b>	<b>1.466.003</b>	<b>351.228</b>	<b>1.769.835</b>	<b>422.948</b>

(1) Derivative financial assets for hedging purposes amounting to TL 76.748 were presented at "Derivative Financial Assets" line (31 December 2021: TL 256.505).

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 120 million as of 31 March 2022 is TL 989.978 and the average rates are between 2022 and 2027.

**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

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 March 31, 2022, LYY Telekomünikasyon A.Ş. owned by Türk Telekomünikasyon A.Ş. 192.500.000.000 Group A registered shares representing 55% of the capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan corresponding to the Bank's share was closed. Provision has been made for the entire loan amount remaining after collection.

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**SECTION FIVE (Continued)**

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

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

**3. Information on banks and foreign bank accounts**

**3.a Information on banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	5.572	1.571.512	282.457	471.829
Foreign	-	3.557.951	-	1.453.475
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>5.572</b>	<b>5.129.463</b>	<b>282.457</b>	<b>1.925.304</b>

Expected credit loss amounting to TL 1.799 (31 December 2021: TL 1.740) is allocated in "Banks".

**3.b Information on banks and foreign bank accounts:**

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

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

**4.a.1 Information on financial assets at fair value through other comprehensive income given as repurchase agreements:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	208.791	1.173.750	120.368	1.058.960
Treasury bills	-	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>208.791</b>	<b>1.173.750</b>	<b>120.368</b>	<b>1.058.960</b>

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

All financial assets at fair value through other comprehensive income given as collateral comprise of financial assets are issued by the T.R. Undersecretariat of Treasury. The carrying value of those assets is TL 3.813.099.

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	1.266.046	2.547.053	1.200.532	2.275.660
Other	-	-	-	-
<b>Total</b>	<b>1.266.046</b>	<b>2.547.053</b>	<b>1.200.532</b>	<b>2.275.660</b>

**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 20.79%, Eurobonds 74.21% and shares and other securities 5% (31 December 2021: 25,23% government bonds, 68,23% Eurobonds, 6,54% shares and other securities).

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

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

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

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

	Current Period	Prior Period
Debt securities	10.470.427	8.869.824
Quoted on a stock exchange	2.483.870	2.608.355
Unquoted	7.986.557	6.261.469
Share certificates	323.018	287.607
Quoted on a stock exchange	37.261	34.697
Unquoted	285.757	252.910
Impairment provision(-)	(298.548)	(281.265)
Other	59.182	59.111
<b>Total</b>	<b>10.554.079</b>	<b>8.935.277</b>

As of 31 March 2022, the net book value of unquoted financial assets at fair value through other comprehensive income share certificates of the Group is TL 278.417 (31 December 2021: TL 245.786).

**5. Information on loans**

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	1.009.607	-	912.073	-
Corporate shareholders	1.009.607	-	912.073	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2.095	-	1.304	-
<b>Total</b>	<b>1.011.702</b>	<b>-</b>	<b>913.377</b>	<b>-</b>



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

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

**5. Explanations on loans (continued)**

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

Current Period (1)	Standard Loans	Loans and Other Receivables Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
Cash Loans			Loans with Revised Contract Terms	Refinance
Non-specialized loans	53.319.358	3.098.537	5.202.420	77.479
Working Capital loans	10.123.668	409.944	2.093.731	77.479
Export loans	1.166.846	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	5.618.897	-	-	-
Consumer loans	2.095	-	-	-
Credit cards	-	-	-	-
Other	36.407.852	2.688.593	3.108.689	-
Specialized loans	-	-	-	-
Other receivables	719.182	-	-	-
<b>Total</b>	<b>54.038.540</b>	<b>3.098.537</b>	<b>5.202.420</b>	<b>77.479</b>

(1) According to Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 1.670.956 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 CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**5. Explanations on loans (continued)**

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

Prior Period (1)	Standard Loans	Loans and Other Receivables Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
Cash Loans			Loans with Revised Contract Terms	Refinance
Non-specialized loans	53.944.662	2.815.924	4.651.931	68.803
Working Capital loans	9.547.442	393.277	1.914.595	68.803
Export loans	1.550.388	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.044.021	-	-	-
Consumer loans	1.304	-	-	-
Credit cards	-	-	-	-
Other	34.801.507	2.422.647	2.737.336	-
Specialized loans	-	-	-	-
Other receivables	557.674	-	-	-
<b>Total</b>	<b>54.502.336</b>	<b>2.815.924</b>	<b>4.651.931</b>	<b>68.803</b>

(1) According to Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 2.232.238 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

	Current Period		Prior Period	
	Standard Loans	Loans under Close Monitoring	Standard Loans	Loans under Close Monitoring
12 Months Expected Credit Loss	657.609	-	556.905	-
Significant Increase in Credit Risk	-	1.607.017	-	1.436.779

**5.c Loans according to their maturity structure:**

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

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

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

**5. Explanations on loans (continued)**

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
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	232	1.863	2.095
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	232	1.863	2.095
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)	-	-	-
<b>Total</b>	<b>232</b>	<b>1.863</b>	<b>2.095</b>

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

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

**5. Explanations on loans (continued)**

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

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
Consumer Loans-TL	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans- TL	202	1.102	1.304
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	202	1.102	1.304
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)	-	-	-
<b>Total</b>	<b>202</b>	<b>1.102</b>	<b>1.304</b>

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

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

**5. Explanations on loans (continued)**

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

The Parent Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (31 December 2021: 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:**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	62.164.928	61.814.867
Foreign Loans	252.048	224.127
<b>Total</b>	<b>62.416.976</b>	<b>62.038.994</b>

**5.h Loans granted to subsidiaries and associates:**

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	1.016.175	997.287
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>1.016.175</b>	<b>997.287</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Loans and other receivables with limited collectability	207.331	216.068
Loans and other receivables with doubtful collectability	632.260	572.507
Uncollectible loans and other receivables	331.814	336.483
<b>Total</b>	<b>1.171.405</b>	<b>1.125.058</b>

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**SECTION FIVE (Continued)**

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

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

**5. Explanations on loans (continued)**

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period</b>			
Gross amounts before provisions	314.588	1.396.860	267.119
Rescheduled loans	314.588	1.396.860	267.119
<b>Prior Period</b>			
Gross amounts before provisions	334.966	1.264.856	312.133
Rescheduled loans	334.966	1.264.856	312.133

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period</b>			
<b>Prior Period End Balance</b>	<b>335.382</b>	<b>1.264.859</b>	<b>481.238</b>
Additions (+)	15.040	-	695
Transfers from Other Categories of Non-performing Loans (+)	-	-	22
Transfers to Other Categories of Non-performing Loans (-)	-	22	0
Collections (-)	20.378	146	16.054
Write-offs (-)	-	-	0
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	0
Retail Loans	-	-	0
Credit Cards	-	-	0
Other	-	-	0
Exchange Differences Related to Non-Performing Loans	46	132.169	4.513
<b>Current Period End Balance</b>	<b>330.090</b>	<b>1.396.860</b>	<b>470.414</b>
Provisions (-)	207.331	632.260	331.814
<b>Net Balance on Balance Sheet</b>	<b>122.759</b>	<b>764.600</b>	<b>138.600</b>

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**SECTION FIVE (Continued)**

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

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

**5. Explanations on loans (continued)**

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
<b>Prior Period</b>			
<b>Prior Period End Balance</b>	<b>761.282</b>	<b>844.026</b>	<b>84.480</b>
Additions (+)	12.681	1	470
Transfers from Other Categories of Non-performing Loans (+)	-	43.839	421.687
Transfers to Other Categories of Non-performing Loans (-)	356.372	109.154	-
Collections (-)	87.582	73.381	38.950
Write-offs (-)	-	-	-
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange Differences Related to Non-Performing Loans	5.373	559.528	13.591
<b>Current Period End Balance</b>	<b>335.382</b>	<b>1.264.859</b>	<b>481.278</b>
Specific Provisions (-)	216.068	572.507	336.483
<b>Net Balance on Balance Sheet</b>	<b>119.314</b>	<b>692.352</b>	<b>144.795</b>

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period</b>			
Period End Balance	459	1.396.861	73.985
Specific Provision (-)	459	632.260	73.985
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>764.601</b>	<b>-</b>
<b>Prior Period</b>			
Period End Balance	413	1.264.835	72.597
Specific Provision (-)	413	572.498	71.812
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>692.337</b>	<b>785</b>

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

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

**5. Explanations on loans (continued)**

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited	Loans and Receivables With	Uncollectible Loans and Receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	330.090	1.396.860	465.635
Specific Provision Amount (-)	207.331	632.260	327.035
Loans to Real Persons and Legal Entities (Net)	122.759	764.600	138.600
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	4.779
Specific Provision Amount (-)	-	-	4.779
Other Loans (Net)	-	-	-

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited	Loans and Receivables With	Uncollectible Loans and Receivables
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	335.382	1.264.859	476.433
Specific Provision Amount (-)	216.068	572.507	331.638
Loans to Real Persons and Legal Entities (Net)	119.314	692.352	144.795
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	4.845
Specific Provision Amount (-)	-	-	4.845
Other Loans (Net)	-	-	-

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

	<b>III.Group</b>	<b>IV.Group</b>	<b>V.Group</b>
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	-	<b>72.320</b>	<b>21</b>
Interest Accruals and Rediscount with Valuation Differences	46	132.169	4.513
Provision Amount (-)	46	59.849	4.492
<b>Prior Period (Net)</b>	<b>4.686</b>	<b>288.631</b>	<b>13.135</b>
Interest Accruals and Rediscount with Valuation Differences	5.373	559.528	13.591
Provision Amount (-)	687	270.897	456



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

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

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

Not prepared in compliance with the Article 25 of the Communiqué on 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 compliance with the Article 25 of the Communiqué on 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	1.513.168	63.910	2.156.751	58.424
Subject to Repurchase Agreements	579.378	-	-	-
<b>Total</b>	<b>2.092.546</b>	<b>63.910</b>	<b>2.156.751</b>	<b>58.424</b>

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

	Current Period	Prior Period
Government Bonds	4.535.575	3.955.703
Treasury Bills	-	-
Other Government Debt Securities	-	-
<b>Total</b>	<b>4.535.575</b>	<b>3.955.703</b>

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**SECTION FIVE (Continued)**

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

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

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

	Current Period	Prior Period
<b>Debt Securities</b>		
Quoted on a Stock Exchange	3.848.527	3.321.632
Not Quoted	687.048	634.071
Value Increase /(Decrease)	-	-
<b>Total</b>	<b>4.535.575</b>	<b>3.955.703</b>

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

	Current Period	Prior Period
<b>Balance at Beginning of the Period</b>	<b>3.955.703</b>	<b>3.083.059</b>
Foreign Currency Differences on Monetary Assets	78.028	306.095
Purchases During The Period	1.029.323	419.990
Disposals Through Sales And Redemptions	342.977	162.558
Valuation Effect	-	-
Interest Income Accruals	(184.502)	309.117
<b>Balance at End of Period</b>	<b>4.535.575</b>	<b>3.955.703</b>

Expected credit loss amounting to TL 6.571 is allocated in "Financial asset measured at amortized cost" (31 December 2021: TL 4.757).

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

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

Subsidiaries that are not included in the scope of consolidation since they are not financial affiliates are valued according to the equity method.

**7.b Information on unconsolidated associates:**

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17.83	18.76
2	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/Turkey	10.05	20.10

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

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	Terme (1)	7.985	5.096	1.540	-	-	(61)	(58)	-
2	Ege Tarım	20.891	19.119	8.024	-	-	2.437	2.504	-

(1) Represents for the period ended 31 December 2021 financial statements. Prior year profit/loss is obtained from 31 December 2020 financial statements.

**Information on associates disposed in the current period**

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

**Information on associates purchased in the current period**

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

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

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

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

**7.c Information on the consolidated associates:**

	Title	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	29,46	58,23
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	57,32

		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	7.783.294	666.957	4.612	275.756	-	55.155	41.312	-
2	İş Finansal (1)	22.702.877	2.209.846	37.980	606.272	-	127.737	107.244	740.101
3	İş Girişim (1)	279.300	275.195	1.767	2.394	52	(284)	(717)	105.086

(1) (1) Fair value is calculated on the year-end stock market value

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>775.763</b>	<b>623.769</b>
Movements During the Period	23.398	151.994
Purchases	-	-
Bonus Shares Received	-	-
Current Year Share of Profit (	-	-
Sales	-	-
Revaluation Increase (1)	23.398	151.994
Provision for Impairment /cancellations	-	-
<b>Balance at the End of the Period</b>	<b>799.161</b>	<b>775.763</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(2) It includes accounting differences with equity method.

(3) Non-financial investments in associates amounting to TL 1.921 are not included in the table (31 December 2021 : TL 1.788).

**Information on associates disposed in the current period**

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

**Information on associates purchased in the current period**

In current period the Group has not purchased any associates.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	145.093	140.176
Leasing Companies	608.202	589.665
Financial Service Companies	-	-
Other Financial Associates	45.866	45.922

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

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	654.068	635.587
Associates Quoted on Foreign Stock Markets	-	-

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**SECTION FIVE (Continued)**

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

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

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

**8.a Information related to equity component of subsidiaries:**

Current Period (1)	YF	TSKB GYO	Yatırım VKŞ
	Current Period	Current Period	Current Period
<b>CORE CAPITAL</b>			
Paid-in Capital	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	11.359	8.848	47
Other Comprehensive Income according to TAS	21.267	-	-
Current and Prior Years' Profit / Loss	156.301	83.848	39
Leasehold Improvements (-)	696	-	-
Intangible Assets (-)	505	25	3
<b>Total Core Capital</b>	<b>251.226</b>	<b>743.807</b>	<b>233</b>
<b>Supplementary Capital</b>	-	-	-
<b>Capital</b>	-	-	-
<b>Net Available Capital</b>	<b>251.226</b>	<b>743.807</b>	<b>233</b>

(1) The information is obtained from financial statements subject to consolidation as of 31 March 2022..

Prior Period (1)	YF	TSKB GYO	Yatırım VKŞ
	Prior Period	Prior Period	Prior Period
<b>CORE CAPITAL</b>			
Paid-in Capital	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	6.887	8.848	-
Other Comprehensive Income according to TAS	22.198	-	-
Current and Prior Years' Profit / Loss	142.304	79.929	89
Leasehold Improvements (-)	754	-	-
Intangible Assets (-)	578	27	3
<b>Total Core Capital</b>	<b>233.557</b>	<b>739.886</b>	<b>236</b>
<b>Supplementary Capital</b>	-	-	-
<b>Capital</b>	-	-	-
<b>Net Available Capital</b>	<b>233.557</b>	<b>739.886</b>	<b>236</b>

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

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry. Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items. Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves. Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the Article of 519 of the Turkish Commercial Code No 6102. The Parent Bank's internal capital adequacy assessment process is made annually on a consolidated basis. Consolidated subsidiaries and associates are included in the assessment.

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

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

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

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

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

**8.c Information related to unconsolidated subsidiaries:**

	Title	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Türkiye	99.99	99.99
2	TSKB Sürdürülebilirlik Danışmanlığı A.Ş. (TSKB SD)	Istanbul/Türkiye	100.00	100.00

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	TSKB GMD	36.865	26.422	1.447	945	-	2.551	1.595	-
2	TSKB SD	8.914	7.805	188	655	-	685	(392)	-

**8.d Information related to consolidated subsidiaries:**

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Yatırım Finansman Menkul Değerler A.Ş.(YF)	Istanbul /Turkey	95.78	98.51
2	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	89.15	89.26
3	Yatırım Varlık Kiralama A.Ş.	Istanbul/Turkey	100.00	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
YF (1)	1.862.861	252.418	11.178	48.993	1.072	22.093	30.553	-
TSKB GYO (1)	748.972	743.831	508	446	-	3.919	(11.952)	2.624.517
Yatırım VKŞ (1)	594.219	236	-	-	-	1	19	-

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

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**SECTION FIVE (Continued)**

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

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

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

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

Unconsolidated movement related subsidiaries subjected to consolidation is as follows:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>881.621</b>	<b>581.897</b>
Movements During the Period	20.225	299.724
Purchases (2)	-	133.469
Bonus Shares Obtained	-	-
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation increase / decrease (1)	20.225	166.255
Provision for Impairment /cancellations	-	-
<b>Balance At the End of the Period</b>	<b>901.846</b>	<b>881.621</b>
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 38.304 are not included in the table (31 December 2021: TL 36.115).

(3) After the capital increase of 150.000.000-TL (full amount) made by TSKB REIT, the Bank acquired TSKB REIT shares amounting to TL 133.469.

The capital of the consolidated subsidiaries and the investments made in these subsidiaries are mutually offset within the scope of consolidation accounting transactions.

***Subsidiaries disposed in the current period***

In the current period, the Group does not have any subsidiaries disposed of.

***Subsidiaries purchased in the current period***

In the current period, the Group does not have any subsidiaries purchased.

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

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

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

**8.f Sectoral information on consolidated subsidiaries and the related carrying amounts in the legal books:**

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	901.846	881.621

**8.g Subsidiaries quoted on stock exchange:**

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	660.077	656.641
Quoted in Foreign Stock Exchange	-	-

**9. Information related to entities under common control**

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

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

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

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

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

	Total Assets	Equity	Total Fixed Assets	Interest Income	Securities Income	Current Year Profit /Loss	Prior Year Profit /Loss	Fair Value
Anavarza Hotelier Corporation	15.148	(4.242)	4.154	60	-	571	(29)	-

**10. Information on finance lease receivables (net)**

**10.a Maturities of investments on finance leases:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	79.558	73.247	71.473	65.843
Between 1- 4 years	133.838	120.355	139.980	127.005
More than 4 years	192.050	162.833	180.885	153.719
<b>Total</b>	<b>405.446</b>	<b>356.435</b>	<b>392.338</b>	<b>346.567</b>

(1) Expected credit loss amounting to TL 80.759 (31 December 2021: TL 74.350) is allocated in "Lease Receivables".

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

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

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

	Current Period	Prior Period
Gross investments in finance leases	405.446	392.338
Unearned revenue from finance leases (-)	49.011	45.771
Cancelled finance leases (-)	-	-
Net investments in finance leases	356.435	346.567

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

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

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

There is a positive differences amounting to TL 76.748 related to derivative financial assets for hedging purposes (31 December 2021: positive differences amounting to TL 256.505).

As of 31 March 2022, the net fair value of derivative financial instruments designated as hedging instruments carried in the contract amount and the balance sheet are summarized in the following table:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swap	12.345.670	58.112	(22.329)	19.085.248	208.148	-
FC	12.345.670	58.112	(22.329)	19.085.248	208.148	-
TL	-	-	-	-	-	-
Money Swap	8.753.966	18.636	-	7.926.855	48.357	-
FC	8.753.966	18.636	-	7.926.855	48.357	-
TL	-	-	-	-	-	-

**11.a Information on fair value hedge accounting:**

Current Period		Hedged Item	Type of Risk	Fair Value Change of Hedged Item (*)	Fair Value of Hedging Instrument (1)		Income St Effect (Profit/Loss Through Derivative Financial Instruments)
Hedging Item					Asset	Liability	
Interest Rate Swap Transactions	Fixed Rate Eurobond and Green bond Issued	Interest Rate Risk	(26.490)	35.924	-	9.434	
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	21.260	-	(22.453)	(1.193)	
Cross Money Swap Transactions	Fixed Rate Eurobond Issued	Interest Rate Risk	(602)	5.950	-	5.348	

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



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

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

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

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

Prior Period				Fair Value of Hedging Instrument (1)		Income St Effect (Profit/Loss Through Derivative Financial Instruments)
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item (1)	Asset	Liability	
Interest Rate Swap Transactions	Fixed Rate Eurobond and Green bond Issued	Interest Rate Risk	(111.338)	117.468	-	6.130
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	(24.900)	24.016	-	(884)
Cross Money Swap Transactions	Fixed Rate Eurobond Issued	Interest Rate Risk	(72.869)	73.489	-	620

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

**12. Information on tangible assets (net)**

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

**13. Information on intangible assets**

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

**14. Information on investment properties**

In the current period, the Group has three investment properties with a net book value of TL 336.178 (31 December 2021: TL 336.178) belonging to the Parent Bank’s subsidiary operating in the real-estate investment trust sector. Investment properties movement table as of 31 March 2022 and 31 December 2021 is as follows:

Current Period	Opening Balance of Current Period	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	50.400	-	-	-	50.400
Pendorya Mall	185.502	-	-	-	185.502
Adana Divan Hotel	100.276	-	-	-	100.276
<b>Total</b>	<b>336.178</b>	-	-	-	<b>336.178</b>

Prior Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Prior Period
Tahir Han	37.195	-	-	13.205	50.400
Pendorya Mall	158.430	844	-	26.228	185.502
Adana Divan Hotel	83.898	-	(1.892)	18.270	100.276
<b>Total</b>	<b>279.523</b>	<b>844</b>	<b>(1.892)</b>	<b>57.703</b>	<b>336.178</b>

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**SECTION FIVE (Continued)**

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

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

**15. Information on deferred tax assets**

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

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

<b>Deferred tax asset:</b>	<b>Current period</b>	<b>Prior period</b>
Loan commissions accrual adjustment	31.477	24.877
Other provisions	664.992	536.267
Employee benefit provision	10.654	6.794
Marketable securities	484.743	134.352
Other (1)	7.341	13.556
<b>Total Deferred Tax Asset</b>	<b>1.199.207</b>	<b>715.846</b>
<b>Deferred tax liabilities:</b>		
Marketable securities	(2.135)	(1.064)
Borrowings commissions accrual adjustment	(24.166)	(17.086)
Valuation of derivative instruments	(285.383)	(292.102)
Useful life difference of fixed assets	(1.913)	(2.101)
Others	(12.926)	(6.910)
<b>Total Deferred Tax Liability</b>	<b>(326.523)</b>	<b>(319.263)</b>
<b>Net Deferred Tax Asset</b>	<b>872.684</b>	<b>396.583</b>

(1) In the other item, there is also a deferred asset related to hedge accounting amounting to TL 4.890. (31 December 2021: TL 4.982 tax asset).

	<b>Current period</b>	<b>Prior period</b>
Deferred Tax as of 1 January Asset / (Liability) - Net	396.583	173.911
Deferred Tax (Loss) / Gain	471.407	128.226
Deferred Tax that is Realized Under Shareholder's Equity	4.694	94.446
<b>Deferred Tax Asset / (Liability) Net</b>	<b>872.684</b>	<b>396.583</b>

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

There is no temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods. (31 December 2021: None).

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

There is no allowance for deferred tax and deferred tax assets from reversal of allowance (31 December 2021: None).

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**SECTION FIVE (Continued)**

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

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

**16. Explanations on assets held for sale:**

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

The Parent Bank have reached an agreement on restructuring the debts of Ojer Telekomünikasyon A.Ş. (OTAŞ), the major shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) provided under the loan agreements. It was completed that 192.500.000.000 Class A shares owned by OTAŞ in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing loan facilities of OTAŞ, would be taken over by a special purpose vehicle incorporated or to be incorporated in the Republic of Turkey, owned directly or indirectly by the creditors. The Parent Bank has participated in LYY Telekomünikasyon A.Ş. which was established within this context with 1.6172% stake and amounting to TL 64.403. The Parent Bank considered the related investment within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operations".

As of 31 March 2022, LYY Telekomünikasyon A.Ş. owned by Türk Telekomünikasyon A.Ş. 192.500.000.000 A group registered shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sales amount, a collection was made from the related loan in proportion to the Bank's share. However, as of 31 March 2022, a provision for impairment has been made for the entire acquired asset. (31 December 2021: 64,403 TL).

**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 2021: None).

**II. Explanations and disclosures related to the consolidated liabilities:**

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

**1.a.1 Maturity structure of deposits:**

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

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

**2. Negative differences table related to derivative financial liabilities:**

Derivative Financial Liabilities (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	62.223	635	209.013	1.719
Swap Transactions	380.277	192.117	592.257	318.257
Futures Transactions	-	-	-	-
Options	-	509	-	33
Other	-	-	-	-
<b>Total</b>	<b>442.500</b>	<b>193.261</b>	<b>801.270</b>	<b>320.009</b>

(1) Derivative financial liabilities for hedging purposes amounting to TL 22.329 (31 December 2021: None) were presented at "Derivative Financial Liabilities" line.

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

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

**3. Information on banks and other financial institutions**

**3.a General information on banks and other financial institutions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	-	293.942	30.018	269.301
From Foreign Banks, Institutions and Funds	92.786	58.796.778	89.213	53.885.508
<b>Total</b>	<b>92.786</b>	<b>59.090.720</b>	<b>119.231</b>	<b>54.154.809</b>

**3.b Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	-	30.018	-
Medium and long-term	92.786	59.090.720	89.213	54.154.809
<b>Total</b>	<b>92.786</b>	<b>59.090.720</b>	<b>119.231</b>	<b>54.154.809</b>

**3.c Information about the marketable securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	764.510	16.039.650	857.450	14.420.450
Cost	755.667	15.957.746	853.809	14.346.814
Book Value	783.028	16.217.438	879.492	14.927.941

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.

Yatırım Finansman Menkul Değerler A.Ş. On February 16, 2022, it issued debt instruments with a nominal amount of TL 198,000 and a simple interest rate of 18.75 with a redemption date of May 18, 2022, with a maturity of 91 days.

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

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

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

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

Information on securities issued during the period are as follows :

ISIN Code	Fund User	Issue Amount(TL)	Issue Date	Redemption Date
TRDYVKSE2214	MNG Kargo Yurtiçi ve Yurtdışı Taşımacılık A.Ş.	75.000.000	14/10/2020	182,225
TRDYVKS12326	MLP Sağlık Hizmetleri A.Ş.	70.000.000	15/01/2021	209,274
TRDYVKS52215	MLP Sağlık Hizmetleri A.Ş.	250.000.000	24.05.2021	232,899
TRDYVKS42216	Zorlu Enerji Elektrik Üretim A.Ş.	61.980.000	17.09.2021	24,67
TRDYVKS52223	Zorlu Enerji Elektrik Üretim A.Ş.	33.530.000	27.10.2021	24,11
TRDYVKS72213	Zorlu Enerji Elektrik Üretim A.Ş.	80.000.000	10.03.2022	34,97

(\*)The amount of thousand of TL 4.230 included in the portfolio of Group is eliminated in financials.

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

Not prepared in compliance with the Article 25 of the communiqué “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 2021: None).

**5. Explanations on financial lease obligations (net)**

**5.a Explanations on finance lease payables:**

The Group has no finance lease payables (31 December 2021: None).

**5.b Explanations regarding operational leases:**

As of the reporting date, 2 head office building, 9 branches, 21 cars, and 368 computers of the Group companies are within the context of operational leasing. (31 December 2021: 2 head office building, 9 branches, 21 cars, and 355 computers are subject to operational leasing). In the current period, the Bank has Lease liability within the scope of TFRS16 amounting to TL 3.992 related to operational lease transactions (31 December 2021 : TL 4.678).

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

The Group has no sale and lease back transactions as of the reporting date (31 December 2021: None).

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**SECTION FIVE (Continued)**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (1)	-	22.329	-	-
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
<b>Total</b>	<b>-</b>	<b>22.329</b>	<b>-</b>	<b>-</b>

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

**7. Information on provisions**

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

As of the reporting date, the Parent Bank has no foreign exchange losses on the foreign currency indexed loans amount (31 December 2021: 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 5.794 (31 December 2021: TL 1.458).

The Bank has an expected loss provision amounting to TL 70.060 for non-cash loans (31 December 2021: TL 60.635)

**7.c Information related to other provisions:**

**7.c.1 Provisions for possible losses:**

Free provision amounting to TL 655.000 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 2021: TL 440.000)

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

The Bank has calculated reserve for employee termination benefits by using actuarial valuations as set out in the TAS 19 and reflected the calculated amount to the financial statements.

As of 31 March 2022, employee termination benefits is amounting to TL 36.788 (31 December 2021: TL 27.863) and unused vacation amounting to TL 10.436 (31 December 2021: TL 5.504). is classified under reserve for employee benefits in the financial statements.

***Liabilities on pension rights***

As explained on the Section Three, Accounting Policies, XVII. Explanations on Liabilities Regarding Employee Benefits as of 30 June 2022, the Bank has no obligations on pension rights (31 December 2021: None).

***Liabilities for pension funds established in accordance with Social Security Institution***

None (31 December 2021: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 2021 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 17 January 2022, there is no need for technical or actual deficit to book provision as of 31 December 2021.

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

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

**7. Information on provisions (continued)**

**7.c Information related to other provisions: (continued)**

**7.c.2 Information on employee termination benefits and unused vacation accrual (continued)**

Accordingly, as of 31 March 2022 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 Information on litigation provisions:**

As of March 31, 2022, the Group has reflected provision for lawsuits amounting to TL 40,000 (December 31, 2021: None).

**7.c.3 If other provisions exceeds 10% of total provisions, the name and amount of sub-accounts:**  
None.

**8. Information on tax liability**

**8.a Information on current tax liability**

**8.a.1 Information on tax liability:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate Tax Liability	694.584	-	198.690	-
Deferred Tax Liability	-	-	-	-
<b>Total</b>	<b>694.584</b>	<b>-</b>	<b>198.690</b>	<b>-</b>

**8.a.2 Information on taxes payable:**

	Current Period	Prior Period
Corporate Taxes Payable	694.584	198.690
Taxation of Securities	3.649	7.413
Capital gains tax on property	-	-
Banking and Insurance Transaction Tax (BITT)	13.559	11.603
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	1.014	2.696
Other	17.912	3.762
<b>Total</b>	<b>730.718</b>	<b>224.164</b>



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

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

**8. Information on tax liability (continued)**

**8.a.3 Information on premiums:**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employee	575	302
Social Security Premiums-Employer	661	349
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	178	86
Unemployment Insurance-Employer	343	171
Other	-	-
<b>Total</b>	<b>1.757</b>	<b>908</b>

**8.b Explanations on deferred taxes liabilities:**

As of the reporting date, the Group has no deferred tax liability (31 December 2021: None).

**9. Information on liabilities regarding assets held for sale**

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

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

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

**11. Information on shareholders’ equity**

**11.a Presentation of paid-in capital:**

	<b>Current Period</b>	<b>Prior Period</b>
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:**

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital System	2.800.000	7.500.000

**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 meeting held on March 29, 2022, the Bank has not increased its capital in the current period.

In line with the decision taken at the Ordinary General Assembly meeting held on March 25, 2021, the Bank has not increased its capital during the current period.

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**SECTION FIVE (Continued)**

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

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

**11. Information on shareholders' equity (continued)**

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

None (31 December 2021: None).

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

The Parent Bank has no capital commitments in the last fiscal year and at the end of the following interim period (31 December 2021: None).

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

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

**11.g Information on preferred shares:**

The Parent Bank has no preferred shares (31 December 2021: None).

**11.h Information on marketable securities value increase fund:**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (1)	117.174	-	141.565	-
<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>195.969</b>	<b>(244.941)</b>	<b>109.015</b>	<b>(216.782)</b>
Valuation Differences	73.818	(244.941)	4.590	(216.782)
Foreign Exchange Difference	122.151	-	104.425	-
<b>Total</b>	<b>313.143</b>	<b>(244.941)</b>	<b>250.580</b>	<b>(216.782)</b>

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

**11.i Informations on legal reserves:**

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

**11.j Informations on extraordinary reserves:**

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

**12. Informations on minority shares:**

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

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**SECTION FIVE (Continued)**

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Commitments for Forward Purchase and Sales of Assets	1.113.352	715.188
Commitments for Stock Brokerage Purchase and Sales	166.799	(446.791)
Commitments for Money Market Brokerage Purchase and Sales	72.802	116.150
Commitments from Forward Short Term Borrowing and Transfers	518.963	378.227
Capital commitments for Subsidiaries and Associates (1)	164.430	157.380
Other	1.580.001	1.442.295
<b>Total</b>	<b>3.616.347</b>	<b>2.362.449</b>

(1) The remaining amount of the Parent Bank's commitment to purchase the shares of the Turkish Growth and Innovation Fund (TGIF), which is planned to be established by the European Investment Fund (EIF), and the Parent Bank's TSKB It includes the capital participation commitment amount for the cash capital increase of Sustainability 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 credits, surety and acceptance amount to TL 5.362.249 (31 December 2021: TL 5.370.014).

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

As of the reporting date, total letters of guarantee is TL 3.089.522 (31 December 2021: TL 2.912.801).

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

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash Loans Given Against Achieving Cash Loans	1.285.669	1.285.669
With Maturity of One Year or Less than One Year	88.233	88.233
With Maturity of More than One Year	1.197.436	1.197.436
Other Non-Cash Loans	7.166.102	6.997.146
<b>Total</b>	<b>8.451.771</b>	<b>8.282.815</b>

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

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

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

**1.c.2 Information on sectoral risk breakdown of non-cash loans:**

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

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

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

**2. Information related to derivative financial instruments**

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

**3. Explanations on loan derivatives and risk exposures**

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

**4. Explanations on contingent liabilities and assets**

There are 55 legal cases against the Group which are amounting to TL 921 as of the reporting date (31 December 2021: TL 921 - 58 legal cases).

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

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

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

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

Some of the lawsuits are decided favorable, remaining of lawsuits are decided unfavorable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Parent Bank against the decision of the Court with respect to the Parent Bank and by the administration against the decision of the Court with respect to the administration and completion of appeal process is waited. The tax and penalty notices related to the decision of the tax court of first instance against the Parent Bank are accrued by administration depending on legal process and as of 31 July 2014 the Parent Bank has made total payments amounting to TL 22.091.

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

Due to the ownership of Pendorya AVM, which is built on the real estate owned by TSKB REIT registered in Istanbul Province, Pendik District, Doğu Mahallesi, 105 Map, 865 Island, Plot 64, Sağlam Satış ve Paz. Inc. (Malazlar A.Ş.) Pendik 2nd Civil Court of First Instance, prevention of seizure against IMM Presidency and road contractor Karacan Yapı on the grounds that some of the side road construction around Pendorya AVM passes through the parcels owned by it, He filed a lawsuit with the demand for the collection of TL 7 compensation from the defendants, without prejudice to his rights. TSKB REIT intervened alongside the defendants

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

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

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**SECTION FIVE (Continued)**

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

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

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

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

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

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

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

**5. Custodian and intermediary services**

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FIVE (Continued)**

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

**IV. Explanations and disclosures related to the consolidated income statement**

**1. Information on interest income**

**1.a Information on interest on loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans (1)				
Short Term Loans	82.551	52.584	79.041	38.826
Medium and Long Term Loans	89.571	839.318	79.774	442.702
Interest on Non-performing Loans	45	-	12	3.554
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>172.167</b>	<b>891.902</b>	<b>158.827</b>	<b>485.082</b>

(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)	237	-	99	-
Domestic Banks	7.540	977	2.790	1.660
Foreign Banks	-	40	-	294
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>7.777</b>	<b>1.017</b>	<b>2.889</b>	<b>1.954</b>

(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	1.072	-	775	-
Financial Assets at Fair Value Through Other Comprehensive Income	110.453	124.367	61.720	41.226
Financial Assets Measured at Amortized Cost	395.334	1.543	89.288	712
<b>Total</b>	<b>506.859</b>	<b>125.910</b>	<b>151.783</b>	<b>41.938</b>

As stated in the accounting policies, the Parent Bank makes the valuation of the Consumer Price Indexed government bonds in the securities portfolio based on the reference index on the issue date and the index calculated by taking into account the estimated inflation rate. The estimated inflation rate used in the valuation is updated during the year when deemed necessary. As of 31 March 2022, the valuation of the said assets was based on an annual 49% inflation forecast. (31 March 2021: 11.8%)

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FIVE (Continued)**

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

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

**1. Information on interest income (continued)**

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries and Commission Income	9.296	6.488

**2. Information on interest expense**

**2.a Information on interest on funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	4.713	72.597	6.723	35.719
The Central Bank of Turkey	-	-	-	-
Domestic Banks	1.140	1.780	2.978	960
Foreign Banks	3.573	70.817	3.745	34.759
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	162.751	-	89.206
<b>Total (1)</b>	<b>4.713</b>	<b>235.348</b>	<b>6.723</b>	<b>124.925</b>

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

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

There is no interest expense to its associates and subsidiaries (31 March 2021: None).

**2.c Information on interest expense to securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on securities issued (1)	8.443	337.293	11.669	213.346

(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
<b>Profit</b>	<b>2.079.905</b>	<b>1.285.138</b>
Gains on capital market operations	11.243	632
Gains on derivative financial instruments (1)	1.774.249	1.114.110
Foreign exchange gains	294.413	170.396
<b>Losses (-)</b>	<b>1.788.230</b>	<b>1.256.114</b>
Losses on capital market operations	665	927
Losses on derivative financial instruments (1)	882.688	550.775
Foreign exchange losses	904.877	704.412

(1) Foreign exchange gain from derivative transactions amounting to TL 932.532 is presented in "Gains on derivative financial instruments" (31 March 2021: TL 750.010), foreign exchange loss from derivative transactions amounting to TL is presented in "Losses on derivative financial instruments" (31 March 2021: TL (247.225)).



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FIVE (Continued)**

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Provisions Released	25.971	28.286
Gains on Sale of Assets	4	72
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	-	-
From Property Sales	4	72
From Other Asset Sales	-	-
Other	45.524	158.881
<b>Total</b>	<b>71.499</b>	<b>187.239</b>

(1) It also includes the income amount of TL 39.428 related to the intermediary issues of Yatırım Varlık Kiralama A.Ş. The same amount is included in other operating expenses as well, and it is shown as gross without netting for reporting purposes.

**6. Provision expenses related to loans and other receivables of the Group**

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Loss	390.635	260.754
12 Months Expected Credit Loss (Stage 1)	141.099	44.463
Significant Increase in Credit Risk (Stage 2)	172.453	144.220
Non-performing Loans (Stage 3)	77.083	72.071
Marketable Securities Impairment Expenses	21.596	56.738
Financial Assets at Fair Value through Profit or Loss	8.702	55.173
Financial Assets at Fair Value through Other Comprehensive	12.894	1.565
Associates, Subsidiaries, and Entities under Common Control (Joint Venture)	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other (1)	319.403	30.000
<b>Total</b>	<b>731.634</b>	<b>347.492</b>

(1) As of the reporting date the free provision expense for possible losses amounting to TL 215.000 has been incurred (31 March 2021: 30.000).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FIVE (Continued)**

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

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

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

	Current Period	Prior Period
Reserve for Employee Termination Benefits	8.926	473
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	2.597	2.119
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	504	643
Impairment on Subsidiaries Accounted for Under Equity Method	-	-
Impairment on Assets for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Assets Held for Sale	-	-
Other Operating Expenses	28.861	14.446
Rent Expenses	802	413
Maintenance Expenses	731	731
Advertisement Expenses	178	221
Other Expenses	27.150	13.081
Loss on Sales of Assets	-	-
Other (1)	53.522	153.812
<b>Total</b>	<b>94.410</b>	<b>171.493</b>

(1) Includes 39,428 TL expense amount related to the issuances of Yatırım Varlık Kiralama A.Ş. The same amount is included in other operating income as income, and it is shown in gross without offsetting for reporting purposes. Tax and fee expenses, excluding corporate tax, amounting to TL 3.247; Includes leave provision expenses amounting to TL 4.930 (31 March 2021: includes tax and fee expenses excluding corporate tax amounting to TL 2.243; leave provision expenses amounting to TL 2.308).

**8. Information on tax provision for continued and discontinued operations**

As of 31 March 2022 profit before tax of the Group has decreased by 195,52% as compared to the prior period (31 March 2021: 42,06% increase). In comparison with the prior period, the Group's net interest income has increased by 125,66% (31 March 2021: 24,20% increase).

**9. Information on tax provision for continued and discontinued operations**

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

The Group's current tax charge for the period is TL 695.065 (31 March 2021: TL 11.317). Deferred tax income is TL 471.407 (31 March 2021: TL 42.413 deferred tax income).

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

Deferred tax benefit calculated on temporary differences is TL 471.407 (31 March 2021: TL 42.413 deferred tax benefit).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FIVE (Continued)**

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

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

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

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

None. (31 March 2021: 4.395 deferred tax income)

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

The Group is decreased the net profit by 166,96% for the period ended 31 March 2022 compared to prior period.

**11. Information on net profit/loss**

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

The Group has generated TL 1.879.019 of interest income, TL 618.661 of interest expenses, TL 60.041 of net fee and commission income from banking operations (31 March 2021: TL 937.063 interest income, TL 378.533 interest expenses, TL 35.206 net fee and commission income).

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

There are no changes in the accounting estimates (31 March 2021: None).

**11.c Minority share of profit and loss:**

The current year loss attributable to minority shares is TL 1.357 (31 March 2021: TL 36 profit). The total shareholders' equity, including current year profit attributable to minority shares is TL 91.340 (31 March 2021: TL 56.801).

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

	Current Period	Prior Period
Gains on Other Fees and Commissions		
Gains on Brokerage Commissions	29.283	24.067
Commissions from Initial Public Offering	12.641	1.730
Investment Fund Management Income	1.205	1.300
Other	13.429	6.342
<b>Total</b>	<b>56.558</b>	<b>33.439</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FIVE (Continued)**

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

**V. Explanations on the risk group of the Parent Bank**

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

**1.a Current period:**

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Factors in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	997.287	9.754	489.070	-	13.581	-
Balance at the end of the period	1.016.175	28	544.766	-	15.040	-
Interest and commission income received	8.769	527	4.923	-	158	-

(1) Mutual transactions between the Parent Bank and fully consolidated subsidiaries have been eliminated.

**1.b Prior period:**

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Factors in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	729.154	515	294.689	-	24.747	-
Balance at the end of the period	997.287	9.754	489.070	-	13.581	-
Interest and commission income received(2)	4.982	1	2.734	-	280	-

(2) Mutual transactions between the Parent Bank and fully consolidated subsidiaries have been eliminated.

(2) Represents for the period of 31 March 2021.

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

The Parent Bank is not authorized to accept deposits.

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

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Factors in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Fair Value Through Profit or Loss Transactions</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss (1)	-	7.962	-	-	-	-
<b>Hedging Risk Transactions</b>						
Beginning of the Period	-	209	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(1) Includes information for 31 March 2021.

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

Benefits provided to key management personnel in the current period amount to TL 14.683 (31 March 2021: TL 9.686).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION FIVE (Continued)**

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

**VI. Explanations and notes related to subsequent events:**

With the press release of the Central Bank dated April 23, 2022 and numbered 2020-24, it was announced that the required reserves, which were applied to the liability side of the balance sheets, will be applied to the asset side of the balance sheets in order to strengthen the macro prudential policy set. Additional liabilities that may arise from the explanations stated in the announcement do not have a significant effect on our Bank.

**SECTION SIX**

**AUDITORS' LIMITED REVIEW REPORT**

**I. Explanations on the auditors' limited review report**

The consolidated financial statements for the period ended 31 March 2022 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A Member firm of Ernst & Young Global Limited) and Auditors' Report dated 29 April 2022 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 Group's operation.

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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**

**A. GENERAL INFORMATION**

**Board of Directors**

Name and Surname	Position	Term	Independent Member	Committees and Roles
Adnan Bali	Chairperson	2021-2024	No	-
Ece Börü	Vice Chairperson	2022-2024	No	Member of Corporate Governance Committee, Member of Sustainability Committee
Murat Bilgiç	Board Member	2022-2024	No	Member of Credit Revision Committee, Member of Sustainability Committee
Bahattin Özarslantürk	Board Member	2021-2024	Yes*	Chair of Credit Revision Committee, Member of Audit Committee
Mithat Rende	Board Member	2021-2024	Yes	Member of Sustainability Committee
Abdi Serdar Üstünsalih	Board Member	2021-2024	No	-
Gamze Yalçın	Board Member	2021-2024	Yes*	Chair of Audit Committee, Chair of Corporate Governance Committee, Chair of Remuneration Committee
Hüseyin Yalçın	Board Member	2021-2024	No	-
Cengiz Yavillioğlu	Board Member	2021-2024	No	-
Murat Doğan	Board Member	2022-2024	No	Member of Corporate Governance Committee, Member of Remuneration Committee, Member of Sustainability Committee
Celal Caner Yıldız	Board Member	2022-2024	No	Member of Credit Revision Committee, Member of Sustainability Committee

\* 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**

Ms. Zeynep Hansu Uçar has resigned from her post as Board Member on January 7, 2022. Mr. Murat Doğan has been appointed as Board Member to replace the vacancy.

Mr. Mahmut Magemizoğlu has resigned from his post as Member of the Board of Directors on March 30, 2022.

Ms. Ece Börü has resigned from her posts as our Bank's Chief Executive Officer and natural member of the Board of Directors effective as of April 6, 2022. Mr. Murat Bilgiç has been appointed to the position of Chief Executive Officer and has started to serve as a natural member of our Board of Directors following the commencement of his duties as Chief Executive Officer.

Mr. Ozan Uyar has resigned from his duty as Board Member on April 7, 2022. In Bank's Board Meeting on the same day, Ms. Ece Börü and Mr. Celal Caner Yıldız have been appointed as the Board Members to replace the vacancies. Ms. Ece Börü has been appointed also as the Vice Chairperson of the Board.

The Resumes of Mr. Murat Bilgiç, Mr. Murat Doğan and Mr. Celal Caner Yıldız are as follows:

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**INFORMATION ON INTERIM ACTIVITY REPORT**

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

**A. GENERAL INFORMATION (Continued)**

**Board of Directors (continued)**

**Changes in the Bank's Board of Directors during the period (continued)**

**Murat Bilgiç**

*Board Member*

Born in Ankara in 1968, Mr. Murat Bilgiç graduated from METU- Faculty of Economics and Administrative Sciences, Department of International Relations and received his master's degree in Money-Banking-Finance at the University of Birmingham. He completed the Management Program at Manchester Business School and the Advanced Management Program at Harvard Business School. Mr. Murat Bilgiç started his career in 1990 as Assistant Inspector at the Board of Inspectors of Türkiye İş Bankası. After serving as Vice Manager, Unit Manager and Head of Corporate Loans Allocation Department, he was promoted to the position of Executive Vice President of Türkiye İş Bankası on March 25, 2016. As of 07.04.2022, Mr. Murat Bilgiç will serve as CEO and Member of the Board of Directors of TSKB.

**Murat Doğan**

*Board Member*

Mr. Murat Doğan was born in Samsun in 1977 and graduated from Istanbul Technical University with a BSc in Industrial Engineering in 2000. Following his graduation, he joined İşbank as an Assistant Specialist in Subsidiaries Division. Mr. Doğan was promoted as Division Head in the Subsidiaries Division in 2022. Since 7th of January 2022, he has been a member of TSKB's Board of Directors.

**Celal Caner Yıldız**

*Board Member*

Born in Antalya in 1981, Mr.C. Caner Yıldız graduated with a degree in Economics from the Faculty of Economics and Administrative Sciences at Hacettepe University in 2003. He started his professional career at İşbank as an assistant specialist in Corporate Loans Division. During his 18 years of service at the bank he mainly served in underwriting and project finance departments for the corporate lending business. Mr. Yıldız was promoted as Division Head in the Project Finance Division as of January, 2022. As of April 7, 2022, Mr. Yıldız was elected as a Member of TSKB Board of Directors.

**Information on the Bank's Board Meetings**

The Board of Directors issued 14 decisions in the period between January 1, 2022 - March 31, 2022. Board Members attended the meetings at a satisfactory level.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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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 (continued)**

**A. INFORMATION (Continued)**

**Senior Management and Directors**

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

**Changes in Senior Management and Directors During Period**

Ms. Ece Börü has resigned from her post as Bank's Chief Executive Officer as of April 6, 2022. Mr. Murat Bilgiç has been appointed to the position of Chief Executive Officer. The Resume of Mr. Murat Bilgiç can be found above.



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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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 (continued)**

**B. ASSESSMENT OF THE PERIOD BY THE CHAIRMAN OF THE BOARD**

With the lessening impact of the pandemic, the economic recovery continues despite the decreased momentum caused by geopolitical developments. On the other hand, developments triggered by the Russia's occupation of Ukraine in February have increased uncertainties for the next period with respect to politics. In addition to inflation expectations on an increasing trend, the commodity and energy prices increasing following the recent developments and the supply chain problems encountered have resulted in increased expectations for tight monetary policies followed by central banks and increases in the inflation rates.

In parallel to the global developments, inflationary effects have continued to be observed to a great extent in our country in the first quarter of 2022. Together with the increase in energy costs, the disruptions in the supply process of imported products also cause an increase in inflationary pressure. On the other hand, we continue our activities at full speed in the light of our sustainable development mission in full cooperation with our stakeholders.

Despite the aforementioned developments, the banking sector has maintained its robust performance in the first quarter of 2022, increasing its resilience. In this connection, having started 2022 with a strong asset quality and loan provisions, our banking sector continues the support it provides for the economic recovery of Turkey.

TSKB has shared its 2022 objectives in its Integrated Annual Report issued in March with a view to ensuring the green and inclusive growth of our country in line with its integrated approach in the Environmental, Social and Governance fields, as well as its Sustainable Development Goals. Pursuant to its short, medium and long-term objectives, the Bank will continue supporting the sustainable transformation of its customers with its diversified financing resources, efficient investment banking and advisory services.

Yours Sincerely,

Chairperson of the Board

Adnan Bali

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**INFORMATION ON INTERIM ACTIVITY REPORT**

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

**C. ASSESSMENT OF THE PERIOD BY THE CEO**

We have started 2022 setting goals related to environmental, social and governance practices for ourselves, in line with our medium- and long-term strategy focused on sustainability at the heart of our business model. Together with the pandemic, we observe an increase in the importance attached to investments providing environment and social benefits, and continue to conduct impact-oriented activities in line with our innovative and integrated approach in all business segments. We are happy to close the first quarter disclosing strong financial results in line with our 2022 expectations.

Our Bank has signed important new funding agreements with international development financing institutions in line with our green transformation-oriented activities. In February, we have signed a green-themed loan agreement worth USD 220 million with the Japan Bank for International Cooperation (JBIC) under the guarantee of the Ministry of Treasury and Finance of the Republic of Turkey. This loan represents the continuation of the credit facility worth USD 150 million extended by JBIC to our Bank in March 2015. With this new fund, we will provide financing for renewable energy and energy-efficiency investments aiming to reduce greenhouse gases across Turkey, as well as high-tech projects in this field.

In March, we have signed a loan agreement worth USD 100 million with International Finance Corporation (IFC), a member of the World Bank Group, to promote women's employment supporting our Bank's activities focused on access to inclusive financing. With this loan provided, we aim to promote the access of women in Turkey to financing and employment opportunities, and to spread gender equality practices at companies. Within the scope of this financing pack, we will ensure that businesses that have a certain number of female employees, that have female executives in their board of directors or top management and that hold a valid gender equality certificate will benefit from this loan, taking into consideration the companies' practices for women's inclusion according to gender equality criteria.

We have published the Integrated Annual Report of our Bank in the same period. Our report in which we shared information about the focused impact we both seek and create for sustainable development has been issued this year taking into consideration, for the first time, the Stakeholder Capitalism Metrics set out by the World Economic Forum (WEF). With Digital Assistant integrated to our website prepared specifically for the report, we aim to provide our stakeholders with an efficient reading experience.

In its 5th year, we have exercised the early redemption option of our Sustainable Tier 2 Bond worth USD 300 million issued in 2017 as a first in the world. On the other hand, we have supported our strong and healthy balance sheet with an additional tier 1 loan agreement worth USD 200 million, which we have signed with Türkiye İş Bankası, our main shareholder.

Our bank has disclosed strong financial results once again in the first quarter of 2022. While the total asset size of our Bank has reached TL 92,7 billion, our total loan portfolio, which represents our direct contribution in real economy, has reached TL 65,0 billion. Our Bank has contributed to the financing of investments in various sectors with its investments in mainly renewable energy projects in the first quarter, as well as investments focusing on the theme of inclusiveness.

With the increased contribution of our investment banking activities, our fees and commission income increased by 70,5%, supporting our profitability.

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

**C. ASSESSMENT OF THE PERIOD BY THE CEO (continued)**

While the profit before provisions and taxes we have posted in the first quarter of 2022 reached TL 1,5 billion, our net profit was recorded as TL 605 million in the same period. Our return on equity has stood at 33,0%. Our Bank's equity size has reached TL 7,7 billion.

We will keep closely following-up the global developments in near future, and supporting the green and inclusive transformation journey of our customers and stakeholders. With innovative solutions we developed in all our fields of activity, we will keep working to ensure sustainable growth of our country in full cooperation with all our stakeholders.

Yours Sincerely,

Murat Bilgiç

Chief Executive Officer

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**INFORMATION ON INTERIM ACTIVITY REPORT**

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

**D. ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD**

**Economic Developments in the First Quarter of 2022**

We have left behind the first quarter of 2022 as a period in which geopolitical uncertainties increased in the global economy. The situation and developments between Russia and Ukraine have caused an increase in commodity prices, including mainly energy prices. While the upside risks to inflation outlook increased, the growth expectations have decreased. In its Global Economic Outlook report, the International Monetary Fund stated that this development slowed down the recovery, and reduced its global growth expectations for 2022 to 3,6% from 4,4%. The report anticipates that the inflation rate in developed economies would stand at 5,7%, which is 1,8 points higher compared to the previous estimate, and announced that the inflation rate in developing economies would stand at 8,7%, which is 2,8 points higher compared to the previous compared to the previous anticipation. On the other hand, the report also highlights that the continued monetary tightening in developed economies, the extent of the slow-down in China and the pandemic will be decisive for the global outlook.

The pressure caused by the geopolitical uncertainties related to risk appetite in global markets and the inflationary trend is closely monitored. Uncertainties related to Chinese economy continue to hold a prominent place. While the increasing upward risks to inflation outlook strengthen the expectations for the central banks in developed economies to tighten monetary policy, an increase is observed in the bond interest rates. A vulnerability is observed in capital flows to developing economies in such an environment.

Turkish economy has completed 2021 with a robust growth, starting 2022 with a limited slow-down. A robust growth has been observed in the gross domestic product (GDP) of the fourth quarter of 2021 thanks to the contribution of the domestic and foreign demand. According to seasonally- and calendar-adjusted data, the GDP has grown by 1,5% compared to the previous period, while the annual growth rate has been accelerated compared to the previous quarter, standing at 9,1%. While the growth rate of 2021 stood at 11,0% following the updates made in relation to previous periods, the GDP on USD basis increased to USD 802,7 billion from USD 716,9 billion in 2020, and gross domestic product per capita was calculated as USD 9.539. While the highest contribution to the growth of annual expenses was made by the consumption in the private sector and exports, all business segments other than consumption made a positive contribution to growth on the production side.

An examination of the preliminary data of 2022 reveals that the industrial production decreased by 2,4% in January, and grew by 4,4% in February. The retail sales increased by 0,5% in February despite the 1,5% decrease in January. According to seasonally-adjusted data related to labor market, the unemployment rate that stood at 11,4% at the end of 2021 decreased to 10,7% as of February, with broadly defined unemployment indicators accompanying the improvement. Besides, while the manufacturing industry purchasing managers index (PMI) fell to the contraction zone standing at 49,4 as of the end of the first quarter, capacity utilization ratio still maintains its strength. As confidence indices fall, other indicators related to the loan volume and expenses in the banking sector point out to the limited slow-down in domestic demand.

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

**D. ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (continued)**

**Economic Developments in the First Quarter of 2022 (continued)**

The foreign demand is observed to maintain its strength. On the other hand, an increase is observed in the risks in external balance with the increase in international energy prices. According to the preliminary data of the Ministry of Trade, the exports in 2022 January-March period increased by 20,8% year-on-year, and the increase in imports has reached 42,1% with the increase in commodity prices. Foreign trade deficit increased to USD 26,4 billion from USD 11,1 billion. The ongoing recovery in service income could partially compensate the expansion in commercial balance. The current account deficit increased to USD 12,1 billion from USD 4,3 billion in the first two months of the year. While current account balance excluding gold and energy posted surplus, it stood at USD 1,8 billion in 2021 January-February period, and increased to USD 3,8 billion in the same period of 2022.

An increase is continued to be observed in inflation due to the global trends and the accumulated impact of the other cost components. The annual general consumer prices index (CPI) inflation rate, which stood at 36,1% at the end of 2021, increased to 61,1% in March. The annual general domestic producer price inflation (DPPI) rate, which stood at 79,9% at the end of 2021, increased to 115,0% in March, whereas the manufacturing industry PPI annual inflation increased to 106,6% from 77,4%. March data confirmed the maintenance of the price pressure despite the slow-down in certain items. The Central Bank of the Republic of Turkey kept the monetary policy interest rate fixed at 14%, which indicates the ongoing comprehensive revision in all policy instruments.

The data of the first quarter of 2022 indicate an improvement in central management budget performance indicators. The budget deficit, which stood at TL 22,8 billion in the first quarter of 2021, increased to TL 30,8 billion in the same period of 2022, whereas the primary surplus increased to TL 115,6 billion from TL 71,8 billion.

**Markets**

While the increasing upward risks to inflation outlook strengthen the expectations for the central banks in developed economies to tighten monetary policy, an increase is observed in the bond interest rates. A vulnerability is observed in capital flows to developing economies in such an environment.

In line with the global trends in January and February, the sales pressure observed in domestic financial markets was followed by a recovery process in March. Thanks to these trends, Borsa Istanbul 100 and 30 indices recorded an increase of 20.2% and 22.3%, respectively, in the first quarter. The increase stayed at a level of 9.0% in the banking sector in the same period. While bond interest rates followed a fluctuating course, the compound interest rate of the 2-year benchmark bond, which stood at 22.74% at the end of 2021, was closed at 24.97% at the end of the first quarter.

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**D. ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (continued)**

**Banking sector**

In the first quarter of 2022, the nominal loan growth rate in TL stood at 12,1%, whereas the total loans increased by 8,3% on a currency-basket basis in FX-adjusted terms. According to the Weekly Bulletin data of the BRSA, the loan growth rate in TL in the sector stood at 13,8% in this period, while the loan growth rate in foreign currency stood at 1,1% in FX-adjusted terms. The corporate loans in TL and the retail loans increased by 18,4% and 4,9%, respectively. According to the loan increase rates of the last one-year, the rate of increase observed in corporate loans in TL accelerated to 41,7% from 20,7% that was recorded at the end of 2021, while the increase in retail loans that was recorded at 20,2% in 2021 stayed at a similar level, being recorded as 22,3%. 87% of the increase in loans in TL recorded in the first quarter was caused by corporate loans, whereas the share of corporate loans in both total loans and the loans in TL increased by 2 points compared to the end of 2021, reaching 80% and 67%, respectively. The increasing momentum of the corporate loans in TL according to the 13-weeks' averages is observed to reach the levels recorded in April 2020.

The rate of non-performing loans of the sector was recorded at 2,9% as of the end of March, shrinking with the contribution of the increase in total loans compared to the 3,2% level recorded at the end of 2021, despite the limited growth of non-performing loans observed. A decrease of 1% has been observed in non-performing loans caused mainly by Non-SME corporate loans in TL in the last week of the first quarter, and the increase in non-performing loans in the first quarter has been limited with 1,8% in nominal basis. The rate of non-performing loans in corporate loans decreased to 3% from 3,4% in the first quarter, whereas such rate in Non-SME corporate loans fell to 2,3% from 2,6%. As for retail loans, the rate of non-performing loans increased to 3,9% from 3,6% together with the slow-down in new loan extensions, as well as the increase in non-performing loans particularly in consumer loans.

In the first quarter, a transition took place in the sector from deposits in FX to deposits in TL, and the deposits in TL increased by 31,2%, while the deposits in FX decreased by 6,2% in FX-adjusted terms, resulting in a net deposit increase of 7,1%. The share of FX deposits in total deposits decreased to 58% from 65% according to the end of 2021. The TL loan/deposit ratio of the sector excluding participation banks that reached 150% by the end of 2021, is observed, starting from the end of February, to have decreased below 130% level, which could be achieved only for short periods within the last 8 years.

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**E. GENERAL ASSEMBLY DECISIONS**

The Bank's Ordinary General Assembly Meeting was held at the Headquarters on 29 March 2022.

The 2021 Ordinary General Assembly Meeting was held with the participation of 188.143.947.854 shares corresponding to a total share capital of TL 1.881.439.478,541 out of 280.000.000.000 shares corresponding to the Bank's total share capital of TL 2.800.000.000, while 171.510.824.154 shares corresponding to a share capital of TL 1.715.108.241,541 were represented physically and 16.633.123.700 shares corresponding to a share capital of TL 166.331.237 TL were represented in the electronic environment.

The agenda items discussed and approved with majority of the votes 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. The Meeting's Chairing Committee be authorized for the execution of meeting minutes
- The Bank's Annual Report of the Board of Directors and Independent Audit Report related to its accounts and transactions in 2021 be read out and discussed
- The Bank's 2021 balance sheet and profit-loss account be examined, negotiated, and approved
- The appointment of Mr. Murat Doğan in place of Ms. Zeynep Hansu Uçar who has resigned from our Bank's Board Membership
- The Board Members be released of their obligations
- In line with our Dividend Distribution Policy, 5% of the net profit for the year 2021 be allocated as legal reserves, 43.124.611,00.-TL be allocated as special funds in order to buy venture capital mutual funds and the remaining be allowed as extraordinary reserves
- The remuneration to be paid to the Members of the Board
- The Independent Auditing Company be chosen
- Approval of the amendment on the article 5 of our Bank's Articles of Association
- Board Members be authorized to perform the transactions listed in Articles 395 and 396 of the Turkish Commercial Code.

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**E. GENERAL ASSEMBLY DECISIONS (continued)**

The agenda items on which The General Assembly was provided with information are as follows:

- The bonus payments made to the employees in 2021, as well as those planned to be made in 2022
- The upper limit of the donations to be made in 2022
- The transactions set forth in Article 1.3.6 of the Capital Market Board's Series II-17.1 Corporate Governance Communiqué.

**F. SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD**

In February, TSKB has signed a green-themed loan agreement worth USD 220 million with the Japan Bank for International Cooperation (JBIC) under the guarantee of the Ministry of Treasury and Finance of the Republic of Turkey. This loan represents the continuation of the credit facility worth USD 150 million extended by JBIC to TSKB in March 2015. With this new fund, TSKB will provide financing for renewable energy and energy-efficiency investments aiming to reduce greenhouse gases across Turkey, as well as high-tech projects in this field.

The Bank obtained additional funds worth USD 100 million from the International Finance Corporation (IFC), a member of the World Bank Group, with the aim of promoting the access of women in Turkey to financing and employment opportunities, and to spread gender equality practices at companies.

The "Gender Inequality in the Transforming World" report prepared by TSKB Economic Research was published in March.

The 6th of the conferences held at French Palace every year with the theme of women employment with the partnership of TSKB, AFD and Consulate General of France in Istanbul took place online this year on March 3, with a theme of "Power of Women in Green Transformation".

The early redemption option was exercised for the Sustainable Tier 2 Bond worth USD 300 million issued in 2017 in the 5th year of the bond on March 29. On the other hand, an additional tier 1 loan agreement was signed with Türkiye İş Bankası, our main shareholder, which is worth USD 200 million.



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**F. SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD (continued)**

**Developments Regarding the Bank's Corporate Governance Operations**

The Bank's "Corporate Governance Compliance Report" and "Corporate Governance Information Forms" were published on the Public Disclosure Platform on 2 March 2022. These reports are available at <https://www.kap.org.tr/tr/Bildirim/1006364> and <https://www.kap.org.tr/tr/Bildirim/1006365>.

2021 Integrated Annual Report, which includes information on the performance of TSKB in 2021 and the Annual Report of the Board of Directors for the 1 January - 31 December 2021 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/tr/Bildirim/1006362>

2021 Compliance Report for Sustainability Principles that sets forth the compliance of TSKB with Sustainability Principles was also published on the same date. The report is available at <https://www.kap.org.tr/tr/Bildirim/1006366>.

**G. CONSOLIDATED FINANCIAL DEVELOPMENTS IN THE INTERIM PERIOD**

The summary of the Bank's key consolidated financial indicators as of 31 March 2022 is as follows:

Total asset size has increased by 55,3% and 7,6% year-on-year and compared to the end of 2021, respectively, reaching TL 92,7 billion.

The total loan portfolio reached 65,0 billion TL as of the end of March with an increase of 46,6% year-on-year and 0,8% compared to the year-end. The share of loans in assets stood at 70,1%. The share of non-performing loans in total loans was 3,4% as of the end of March.

Shareholders' equity has increased by 26,1% year-on-year and 9,1% compared to the end of 2021, respectively, reaching TL 7,7 billion. The reported capital adequacy ratio recorded as 20,8% at the end of 2021 stood at to %20,5 by the end of March.

Net interest income was elevated by 125,7% in the first quarter of 2022 year-on-year, reaching TL 1.260,4 million, whereas fee and commission income increased by 70,5%, reaching TL 60,0 million. The income-expense ratio, which was recorded as 9,0% in 2021, fell to 8,5% in the first quarter of 2022.

Net profit marked an increase of by 166,4% in the first quarter year-on-year, reaching 605 million TL.

The return on equity, which stood at 16,4% in 2021, jumped up to 33,0% in the first quarter of 2022.

The return on asset, which stood at 1,6% at the end of 2021, lifted up to 2,7% in the first quarter of 2022.

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**H. 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.

**I. 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 2021 Annual Integrated Report available at the following address for further details:

[https://en.tskb.com.tr/i/content/4704\\_1\\_TSKB%202021%20Integrated%20Annual%20Report.pdf](https://en.tskb.com.tr/i/content/4704_1_TSKB%202021%20Integrated%20Annual%20Report.pdf)