

**TURKLAND BANK ANONİM ŐİRKETİ  
INDEPENDENT AUDITOR'S REPORT,  
UNCONSOLIDATED  
FINANCIAL STATEMENTS AND NOTES FOR  
THE PERIOD ENDED MARCH 31, 2021**

*Translated into English from the report and financial  
statements originally issued in Turkish*

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF INTERIM FINANCIAL  
INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF INTERIM  
FINANCIAL INFORMATION**

**To the General Assembly of Turkland Bank A.Ş.**

*Introduction*

We have reviewed the accompanying balance sheet of Turkland Bank A.Ş. (“the Bank”) as of March 31, 2021, and the statement of income, statement of income and expense items under shareholders’ equity, statement of changes in shareholders’ equity and statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with 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 audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of Turkland Bank A.Ş. as of March 31, 2021, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

*Report on Other Legal and Regulatory Requirements*

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management’s interim report included in the accompanying financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed interim financial statements and the explanatory notes.

*Additional paragraph for English translation:*

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Aslan  
Partner

İstanbul, May 10, 2021

**Translated into English from the report and financial statements originally issued in Turkish**

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF TURKLAND BANK A.Ş.  
FOR THE PERIOD ENDED MARCH 31, 2021**

Address : 19 Mayıs Mah. 19 Mayıs Cad. Şişli Plaza A Blok No: 7 Şişli- İstanbul  
Telephone : (0 212) 368 34 34  
Fax : (0 212) 368 35 35  
Web Site : <http://www.turklandbank.com>  
E-mail Address : [t-bank@turklandbank.com](mailto:t-bank@turklandbank.com)

The unconsolidated financial report for the three months prepared in accordance with “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” as regulated by the Banking Regulation and Supervision Agency includes the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELEVANT PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of Turkish Lira, in accordance with the Communiqué on Banks’ Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank’s records, have been independently reviewed and presented as attached.

Mohammad Abdel-Fattah Hamad  
ALGHANAMAH  
Chairman of the  
Board of Directors Vice President

Servet TAZE  
General Manager

H. Efe İÇLİ  
Financial Control Director  
Acting Executive Vice President

Tania  
MOUSSALLEM  
Chairman of Audit Committee

Mustafa Selçuk  
TAMER  
Member of Audit Committee

Nadya Nabil Tawfik  
TALHOUNI  
Member of Audit Committee

Information related to responsible personnel for the questions that can be raised about financial statements:

Name-Surname / Title: Sevgi Üstün / Assistant Manager  
Telephone Number: (0212) 368 37 24  
Fax Number: (0212) 368 35 35

## Translated into English from the report and financial statements originally issued in Turkish

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**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2021**

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

**SECTION ONE**

**GENERAL INFORMATION**

**I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue**

Turkland Bank Anonim Şirketi ("the Bank"), was established in 1991 in İstanbul under the name of "Bahreyn ve Kuveyt Bankası Anonim Şirketi" (BB&K). Its name was changed as "Tasarruf ve Kredi Bankası Anonim Şirketi" with its acquisition by Doğu Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankası Anonim Şirketi" in 1994, Mehmet Nazif Günel (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

An agreement has been made with Arab Bank and BankMed for the sale of 91% of MNG Bank's shares in mid of 2006 and this agreement was approved by Banking Regulation and Supervision Agency (BRSA) on December 29, 2006. In this regard, while Arab Bank and BankMed purchasing 50% and 41% of MNG bank shares respectively, Mehmet Nazif Günel retained 9% of the shares. Transfer of the Bank was made on January 29, 2007. The title of the Bank was changed as "Turkland Bank Anonim Şirketi" with the amendment to the Articles of Association by the decision of the Extraordinary General Assembly at the meeting on March 22, 2007.

On April 3, 2007, "MNG BANK Anonim Şirketi" title of the bank was registered as "TURKLAND BANK Anonim Şirketi".

According to the Share Sale and Purchase Agreement and Board of Directors' Decision dated February 26, 2010 and July 15, 2010 respectively, Mehmet Nazif Günel's 153 million shares with TRY 15,300 nominal value were purchased by BankMed SAL. As of July 22, 2010 the share transfer was realized.

According to the Extraordinary General Assembly decision dated May 30, 2011, it was decided to increase the Bank's capital from TRY 170 million to TRY 300 million, and it was registered in the Turkish Trade Registry Gazette dated June 20, 2011 numbered 7840. According to the BRSA approval dated September 15, 2011 numbered 4381 the unused pre-emptive right of Arab Bank Plc amounting to TRY 65 million have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments have been paid by shareholders and according to the BRSA decision dated October 20, 2011 numbered 22244 it has been transferred to the capital accounts.

According to the Ordinary General Assembly decision dated April 18, 2013, it has been decided to increase the Bank's paid in capital from TRY 300 million to TRY 500 million. According to the Ordinary General Assembly decree dated April 15, 2014, it was decided to increase the Bank's paid in capital from TRY 500 million to TRY 650 million.

In accordance with the BRSA's approval letter dated May 7, 2019, 16.67% of the shares of Arab Bank (Switzerland) Ltd (ABS), one of the shareholders of the Bank, was transferred to Arab Bank Plc. which is the other shareholder of the Bank.

Capital increase and decrease of 30 million USD additional capital as 164 million TRY has been realized simultaneously on September 25, 2019 with the approval of BRSA on August 2, 2019.

According to the Extraordinary General Assembly decree dated February 17, 2020, it was decided to increase the Bank's paid in capital from TRY 650 million to TRY 1,000 million with the approval of BRSA dated January 29, 2020 numbered 1027. It has been transferred to capital accounts as of March 4, 2020 with the approval of BRSA dated March 3, 2020 numbered 2400.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2021**

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

**II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year**

Name of shareholders	Share Amount	Share Ratios %	Paid up Shares	Unpaid Shares
ARAB BANK PLC	499,999.99	%50	499,999.99	-
BANKMED, SAL	499,999.99	%50	499,999.99	-
Others	<1	%0	<1	-
<b>Total</b>	<b>1,000,000.00</b>	<b>%100,0</b>	<b>1,000,000.00</b>	<b>-</b>

As of March 31, 2021 the nominal value of the Bank's capital is TRY 1,000,000 and consists of 1,000 million shares.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2021**

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

**III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank**

<b><u>Title</u></b>	<b><u>Name and Surname (*)</u></b>	<b><u>Responsibility</u></b>	<b><u>Education</u></b>
Chairman of the Board of Directors	MICHEL ANTOINE ACCAD	Chairman	Master Degree
Members of the Board of Directors	MOHAMMAD ABDEL-FATTAH HAMAD AL GHANAMAH	Vice Chairman / Member of Audit Committee	Bachelor's Degree
	TANIA MOUSSALLEM	Chairman of Audit Committee	Bachelor's Degree
	NADYA NABIL TAWFIK TALHOUNI	Member of Audit Committee	Bachelor's Degree
	MUSTAFA SELÇUK TAMER	Member of Audit Committee	Bachelor's Degree
	SAAD EDDINE EL ZEIN	Member	Master Degree
	HAITHAM HELMI MOHAMMAD FOUDEH	Member	Bachelor's Degree
General Manager and Member of Board of Directors	SERVET TAZE	Chief Executive Officer	Bachelor's Degree
Assistant General Mangers	BENAN BAŞAK	Loan Underwriting	Master Degree
	YASEMİN ALTUNBAŞ OTLUOĞLU(**)	Corporate and Commercial Banking	Master Degree
	SARUHAN DOĞAN	Treasury and Financial Institutions	Master Degree

(\*) The above stated persons do not have any shares in Bank.

(\*\*) Yasemin Altunbaş Otluoğlu has left her position on 30 April 2020.



(Convenience Translation of Financial Statements and Report Originally Issued in Turkish)  
**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2021**

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

**IV. Information About The Persons and Institutions That Have Qualified Shares:**

Information about the persons and institutions that have qualified shares as of March 31, 2021:

<b>Name of Shareholders</b>	<b>Share Amount</b>	<b>Share Ratios</b>	<b>Paid up Shares</b>	<b>Unpaid Shares</b>
ARAB BANK PLC	499,999.99	%50.0	499,999.99	-
BANKMED, SAL	499,999.99	%50.0	499,999.99	-

**V. Summary on the Bank's Functions and Areas of Activity**

The Bank has 14 branches and 298 personnel. The Bank does not have any subsidiaries (December 31, 2020: 14 branches, 303 personnel).

The Bank established with private capital, has the authority to accept deposits and its operations are mostly based on retail and corporate banking transactions. As it is indicated in Articles of Association, the Bank is mainly dealing with the transactions below:

- a. Acceptance of Deposit
- b. Corporate and Retail Banking
- c. Foreign Trade
- d. Capital Market Transactions
- e. Bank Assurance

**VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions, which are deducted from equity or not included in these three methods:**

None.

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

None.

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off Balance Sheet Items
- III. Statement of Income
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

**TURKLAND BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF MARCH 31, 2021 AND DECEMBER 31, 2020**

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

**I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)**

ASSETS	Note Ref. (Section Five)	Reviewed			Audited		
		Current Period			Prior Period		
		31.03.2021			31.12.2020		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>58,435</b>	<b>563,038</b>	<b>621,473</b>	<b>258,685</b>	<b>638,001</b>	<b>896,686</b>
<b>1.1 Cash and cash equivalents</b>		<b>58,297</b>	<b>563,029</b>	<b>621,326</b>	<b>258,547</b>	<b>637,993</b>	<b>896,540</b>
1.1.1 Cash and balances with The Central Bank of Turkey	I-1	57,656	258,291	315,947	44,069	273,402	317,471
1.1.2 Banks	I-3	694	263,628	264,322	2,460	327,543	330,003
1.1.3 Money market placements		-	41,110	41,110	212,104	37,048	249,152
1.1.4 Expected credit losses (-)		(53)	-	(53)	(86)	-	(86)
<b>1.2 Financial assets at fair value through profit and loss</b>		-	-	-	-	-	-
1.2.1 Public sector debt securities		-	-	-	-	-	-
1.2.2 Share certificates		-	-	-	-	-	-
1.2.3 Other marketable securities		-	-	-	-	-	-
<b>1.3 Fair value financial assets through other comprehensive income</b>	I-4	<b>138</b>	<b>9</b>	<b>147</b>	<b>138</b>	<b>8</b>	<b>146</b>
1.3.1 Public sector debt securities		-	9	9	-	8	8
1.3.2 Share certificates		138	-	138	138	-	138
1.3.3 Other marketable securities		-	-	-	-	-	-
<b>1.4 Derivative financial assets</b>	I-2	-	-	-	-	-	-
1.4.1 Part of derivative financial assets at fair value through profit or loss		-	-	-	-	-	-
1.4.2 Fair value differences of derivative financial assets through other comprehensive income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>1,652,670</b>	<b>423,519</b>	<b>2,076,189</b>	<b>1,235,752</b>	<b>464,769</b>	<b>1,700,521</b>
<b>2.1 Loans and advances</b>	I-5	<b>1,756,386</b>	<b>423,519</b>	<b>2,179,905</b>	<b>1,712,362</b>	<b>464,769</b>	<b>2,177,131</b>
2.2 Finance lease receivables		-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
<b>2.4 Financial assets measured at amortized cost</b>	I-6	<b>333,301</b>	-	<b>333,301</b>	<b>19,661</b>	-	<b>19,661</b>
2.4.1 Public sector debt securities		333,301	-	333,301	19,661	-	19,661
2.4.2 Other marketable securities		-	-	-	-	-	-
<b>2.5 Expected credit losses (-)</b>		<b>(437,017)</b>	-	<b>(437,017)</b>	<b>(496,271)</b>	-	<b>(496,271)</b>
<b>III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	I-16	<b>239,156</b>	-	<b>239,156</b>	<b>179,054</b>	-	<b>179,054</b>
3.1 Held for sale		239,156	-	239,156	179,054	-	179,054
3.2 Discontinued operations		-	-	-	-	-	-
<b>IV. INVESTMENTS (NET)</b>	I-7	<b>7,659</b>	-	<b>7,659</b>	<b>7,659</b>	-	<b>7,659</b>
<b>4.1 Investments in associates (Net)</b>		<b>7,659</b>	-	<b>7,659</b>	<b>7,659</b>	-	<b>7,659</b>
4.1.1 Accounted with equity method		-	-	-	-	-	-
4.1.2 Unconsolidated associates		7,659	-	7,659	7,659	-	7,659
<b>4.2 Investments in subsidiaries (Net)</b>	I-8	-	-	-	-	-	-
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>4.3 Entities under common control (Net)</b>	I-9	-	-	-	-	-	-
4.3.1 Accounted with equity method		-	-	-	-	-	-
4.3.2 Unconsolidated entities		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (NET)</b>	I-12	<b>39,394</b>	-	<b>39,394</b>	<b>42,326</b>	-	<b>42,326</b>
<b>VI. INTANGIBLE ASSETS [NET]</b>	I-13	<b>9,763</b>	-	<b>9,763</b>	<b>8,796</b>	-	<b>8,796</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		9,763	-	9,763	8,796	-	8,796
<b>VII. INVESTMENT PROPERTY</b>	I-14	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>		<b>1,973</b>	-	<b>1,973</b>	<b>1,417</b>	-	<b>1,417</b>
<b>IX. DEFERRED TAX ASSET</b>	I-15	<b>43,205</b>	-	<b>43,205</b>	<b>43,205</b>	-	<b>43,205</b>
<b>X. OTHER ASSETS</b>	I-17	<b>85,125</b>	<b>102,933</b>	<b>188,058</b>	<b>125,675</b>	<b>62,367</b>	<b>188,042</b>
<b>TOTAL ASSETS</b>		<b>2,137,380</b>	<b>1,089,490</b>	<b>3,226,870</b>	<b>1,902,569</b>	<b>1,165,137</b>	<b>3,067,706</b>

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET**  
**AS OF MARCH 31, 2021 AND DECEMBER 31, 2020**

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

**I. BALANCE SHEET – LIABILITIES (STATEMENT OF FINANCIAL POSITION)**

LIABILITIES AND SHAREHOLDERS EQUITY	Note Ref. (Section Five)	Reviewed			Audited		
		Current Period			Prior Period		
		31.03.2021			31.12.2020		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	II-1	1,133,543	1,105,289	2,238,832	1,131,927	1,148,071	2,279,998
<b>II. FUNDS BORROWED</b>	II-3	1	-	1	262	-	262
<b>III. MONEY MARKET</b>		182,382	-	182,382	34,044	-	34,044
<b>IV. MARKETABLE SECURITIES ISSUED (NET)</b>		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	II-2	672	-	672	-	-	-
7.1 Part of derivative financial assets at fair value through profit or loss		672	-	672	-	-	-
7.2 Fair value differences of derivative financial assets through other comprehensive income		-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. FINANCE LEASE PAYABLES (NET)</b>	II-6	30,207	-	30,207	32,803	-	32,803
<b>X. PROVISIONS</b>	II-8	140,199	2,577	142,776	142,227	2,322	144,549
10.1 Restructuring reserves		-	-	-	-	-	-
10.2 Reserves for employee benefits		15,226	-	15,226	14,413	-	14,413
10.3 Insurance technical reserves (net)		-	-	-	-	-	-
10.4 Other provisions		124,973	2,577	127,550	127,814	2,322	130,136
<b>XI. CURRENT TAX LIABILITY</b>	II-9	7,462	-	7,462	6,021	-	6,021
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Discontinued operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED LOANS</b>		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	II-5	53,414	28,806	82,220	67,338	21,700	89,038
<b>XVI. SHAREHOLDERS' EQUITY</b>	II-12	542,318	-	542,318	480,991	-	480,991
16.1 Paid-in capital		1,000,000	-	1,000,000	1,000,000	-	1,000,000
16.2 Supplementary capital		25,430	-	25,430	25,430	-	25,430
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		25,430	-	25,430	25,430	-	25,430
16.3 Accumulated other comprehensive income/loss not recognised in profit or loss		3,369	-	3,369	3,032	-	3,032
16.4 Accumulated other comprehensive income/loss recognised in profit or loss		-	-	-	-	-	-
16.5 Profit reserves		(567,551)	-	(567,551)	(466,167)	-	(466,167)
16.5.1 Legal reserves		5,332	-	5,332	5,332	-	5,332
16.5.2 Status reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		(544,976)	-	(544,976)	(443,592)	-	(443,592)
16.5.4 Other profit reserves		(27,907)	-	(27,907)	(27,907)	-	(27,907)
16.6 Profit or loss		81,070	-	81,070	(81,304)	-	(81,304)
16.6.1 Prior year income/(loss)		20,080	-	20,080	(101,384)	-	(101,384)
16.6.2 Current year income/(loss)		60,990	-	60,990	20,080	-	20,080
16.7 Minority shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,090,198</b>	<b>1,136,672</b>	<b>3,226,870</b>	<b>1,895,613</b>	<b>1,172,093</b>	<b>3,067,706</b>

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**  
**AS OF MARCH 31, 2021 AND DECEMBER 31, 2020**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

**II. STATEMENT OF OFF-BALANCE SHEET ITEMS**

	Note Ref. (Section Five)	Reviewed Current Period 31.03.2021			Audited Prior Period 31.12.2020		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)</b>		<b>437,855</b>	<b>1,194,559</b>	<b>1,632,414</b>	<b>436,166</b>	<b>896,553</b>	<b>1,332,719</b>
<b>I. GUARANTEES AND SURETIES</b>	III-1	<b>370,279</b>	<b>1,139,905</b>	<b>1,510,184</b>	<b>414,947</b>	<b>893,685</b>	<b>1,308,632</b>
1.1. Letters of guarantee		333,529	169,226	502,755	378,197	165,779	543,976
1.1.1. Guarantees subject to State Tender Law		3,692	263	3,955	5,146	237	5,383
1.1.2. Guarantees given for foreign trade operations		11,192	7,198	18,390	17,048	9,797	26,845
1.1.3. Other letters of guarantee		318,645	161,765	480,410	356,003	155,745	511,748
1.2. Bank acceptances		-	-	-	-	-	-
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	89,383	89,383	-	45,744	45,744
1.3.1. Documentary letters of credit		-	89,383	89,383	-	45,744	45,744
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		36,750	881,296	918,046	36,750	682,162	718,912
1.5.1. Endorsements to the Central Bank of Turkey		-	881,296	881,296	-	682,162	682,162
1.5.2. Other endorsements		36,750	-	36,750	36,750	-	36,750
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	-	-	-	-	-
1.9. Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	III-1	<b>25,793</b>	<b>13,544</b>	<b>39,337</b>	<b>21,219</b>	<b>2,868</b>	<b>24,087</b>
2.1. Irrevocable commitments		25,793	13,544	39,337	21,219	2,868	24,087
2.1.1. Asset purchase and sale commitments		5,904	13,544	19,448	1,600	2,868	4,468
2.1.2. Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and affiliates		-	-	-	-	-	-
2.1.4. Loan granting commitments		1,240	-	1,240	1,333	-	1,333
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		18,649	-	18,649	18,286	-	18,286
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		-	-	-	-	-	-
2.1.10. Commitments for credit cards and banking services related		-	-	-	-	-	-
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	III-2	<b>41,783</b>	<b>41,110</b>	<b>82,893</b>	-	-	-
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		41,783	41,110	82,893	-	-	-
3.2.1. Forward foreign currency purchases/sales		41,783	41,110	82,893	-	-	-
3.2.1.1. Forward foreign currency purchases		-	41,110	41,110	-	-	-
3.2.1.2. Forward foreign currency sales		41,783	-	41,783	-	-	-
3.2.2. Currency and interest rate swaps		-	-	-	-	-	-
3.2.2.1. Currency swaps-purchases		-	-	-	-	-	-
3.2.2.2. Currency swaps-sales		-	-	-	-	-	-
3.2.2.3. Interest rate swaps-purchases		-	-	-	-	-	-
3.2.2.4. Interest rate swaps-sales		-	-	-	-	-	-
3.2.3. Currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1. Currency call options		-	-	-	-	-	-
3.2.3.2. Currency put options		-	-	-	-	-	-
3.2.3.3. Interest rate call options		-	-	-	-	-	-
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		-	-	-	-	-	-
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		-	-	-	-	-	-
3.2.4.1. Currency futures-purchases		-	-	-	-	-	-
3.2.4.2. Currency futures-sales		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>9,529,710</b>	<b>2,727,664</b>	<b>12,257,374</b>	<b>9,680,606</b>	<b>2,595,219</b>	<b>12,275,825</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>388,744</b>	<b>20,578</b>	<b>409,322</b>	<b>397,584</b>	<b>14,310</b>	<b>411,894</b>
4.1. Customers' securities held		-	-	-	-	-	-
4.2. Investment securities held in custody		16,575	740	17,315	25,061	667	25,728
4.3. Checks received for collection		371,587	19,838	391,425	371,515	13,643	385,158
4.4. Commercial notes received for collection		582	-	582	1,008	-	1,008
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received through public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>9,140,966</b>	<b>2,707,086</b>	<b>11,848,052</b>	<b>9,283,022</b>	<b>2,580,909</b>	<b>11,863,931</b>
5.1. Securities		-	-	-	-	-	-
5.2. Guarantee notes		3,977	-	3,977	6,257	-	6,257
5.3. Commodities		1,646	-	1,646	1,646	-	1,646
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		1,137,305	29,263	1,166,568	1,143,884	63,458	1,207,342
5.6. Other pledged items		7,998,038	2,677,823	10,675,861	8,131,235	2,517,451	10,648,686
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>9,967,565</b>	<b>3,922,223</b>	<b>13,889,788</b>	<b>10,116,772</b>	<b>3,491,772</b>	<b>13,608,544</b>

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF INCOME**  
**AS OF MARCH 31, 2021 AND MARCH 31, 2020**

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

**III. STATEMENT OF INCOME**

INCOME AND EXPENSES	Note Ref. (Section Five)	Reviewed	Reviewed
		Current Period 01.01 - 31.03.2021	Prior Period 01.01 - 31.03.2020
<b>I. INTEREST INCOME</b>	IV-1	<b>78,064</b>	<b>82,176</b>
1.1 Interest on loans		66,991	62,655
1.2 Interest received from reserve deposits		1,535	-
1.3 Interest received from banks		2,896	1,655
1.4 Interest received from money market placements		3,917	3,400
1.5 Interest received from marketable securities portfolio		1,865	13,968
1.5.1 Financial assets at fair value through profit and loss		-	-
1.5.2 Fair value financial assets through other comprehensive income		-	83
1.5.3 Financial assets measured at amortized cost		1,865	13,885
1.6 Finance lease income		-	-
1.7 Other interest income		860	498
<b>II. INTEREST EXPENSE (-)</b>	IV-2	<b>(51,948)</b>	<b>(47,775)</b>
2.1 Interest on deposits		(49,096)	(41,899)
2.2 Interest on funds borrowed		(2)	(185)
2.3 Interest on money market borrowings		(1,368)	(4)
2.4 Interest on securities issued		-	-
2.5 Finance lease interest expense		(1,405)	(1,864)
2.6 Other interest expense		(77)	(3,823)
<b>III. NET INTEREST INCOME (I - II)</b>		<b>26,116</b>	<b>34,401</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>5,002</b>	<b>6,257</b>
4.1 Fees and commissions received		5,564	6,659
4.1.1 Non-cash loans		5,158	6,048
4.1.2 Other	IV-12	406	611
4.2 Fees and commissions paid (-)		(562)	(402)
4.2.1 Non-cash loans		(78)	(58)
4.2.2 Other	IV-12	(484)	(344)
<b>V. DIVIDEND INCOME</b>	IV-3	-	-
<b>VI. NET TRADING INCOME</b>	IV-4	<b>(170)</b>	<b>(5,880)</b>
6.1 Securities trading gains/ (losses)		-	(1,615)
6.2 Derivative financial instruments gain (losses)		853	16,858
6.3 Foreign exchange gains/ (losses)		(1,023)	(21,123)
<b>VII. OTHER OPERATING INCOME</b>	IV-5	<b>22,318</b>	<b>14,046</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>53,266</b>	<b>48,824</b>
<b>IX. EXPECTED CREDIT LOSS PROVISIONS (-)</b>	IV-6	<b>63,992</b>	<b>58,674</b>
<b>X. OTHER PROVISIONS (-)</b>		-	-
<b>XI. STAFF EXPENSES (-)</b>		<b>(25,179)</b>	<b>(20,220)</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	IV-7	<b>(31,089)</b>	<b>(26,954)</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>60,990</b>	<b>60,324</b>
<b>XIV. AMOUNT IN EXCESS RECOGNISED AS GAIN AFTER MERGER</b>		-	-
<b>XV. PROFIT/(LOSS) ON EQUITY METHOD</b>		-	-
<b>XVI. PROFIT/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>	IV-8	<b>60,990</b>	<b>60,324</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	IV-9	-	-
18.1 Provision for current income taxes		-	-
18.2 Income from deferred taxes (+)		-	-
18.3 Provision for deferred taxes (-)		-	-
<b>XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	IV-10	<b>60,990</b>	<b>60,324</b>
<b>XX. INCOME ON DISCONTINUED OPERATIONS</b>		-	-
20.1 Income on assets held for sale		-	-
20.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-
20.3 Income on other discontinued operations		-	-
<b>XXI. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Income on assets held for sale		-	-
21.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-
21.3 Income on other discontinued operations		-	-
<b>XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)</b>		-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1 Provision for current income taxes		-	-
23.2 Income for deferred taxes (+)		-	-
23.3 Provision for deferred taxes (-)		-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>	IV-10	-	-
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	IV-11	<b>60,990</b>	<b>60,324</b>
25.1 Profit /(Loss) of the Group		-	-
25.2 Minority Shareholders Profit / Loss (-)		-	-
Earnings Per Share Profit / Loss		-	-

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE PERIODS ENDED**  
**MARCH 31, 2021 AND MARCH 31, 2020**

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

**IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed Current Period	Reviewed Prior Period
	01.01 -31.03.2021	01.01 -31.03.2020
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>60,990</b>	<b>60,324</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>337</b>	<b>78</b>
<b>2.1 Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>337</b>	<b>87</b>
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	337	87
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>-</b>	<b>(9)</b>
2.2.1 Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	-	(9)
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>61,327</b>	<b>60,402</b>

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED MARCH 31, 2021 AND MARCH 31, 2020**

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

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Reviewed	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders's Equity without Minority Shares	Minority Shares	Total Shareholders' Equity
					1	2	3	4	5	6						
<b>PRIOR PERIOD</b>																
<b>01.01.2020 - 31.03.2020</b>																
<b>I. Balances at Beginning of Period</b>	650,000	-	-	1,848	-	1,691	2,807	-	-	-	5,332	(101,384)	(447,917)	112,377	-	112,377
<b>II. Correction made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Balances at Beginning of Period (I+II)</b>	650,000	-	-	1,848	-	1,691	2,807	-	-	-	5,332	(101,384)	(447,917)	112,377	-	112,377
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	-	-	-	-	60,324 TL	60,324 TL	-	60,324 TL
<b>V. Capital Increase in Cash</b>	350,000	-	-	-	-	-	-	-	-	-	-	-	-	350,000	-	350,000
<b>VI. Capital Increase from Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Capital Reserves from Inflation Adjustments to Paid-in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Liabilities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Other Changes</b>	-	-	-	-	-	87	-	-	-	(9)	-	-	-	78	-	78
<b>XI. Profit Distribution</b>	-	-	-	(447,917)	-	-	-	-	-	-	-	-	447,917	-	-	-
11.1. Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves	-	-	-	(447,917)	-	-	-	-	-	-	-	-	447,917	-	-	-
11.3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>	<b>1,000,000</b>	-	-	<b>(446,069)</b>	-	<b>1,778</b>	<b>2,807</b>	-	-	<b>(9)</b>	-	<b>5,332</b>	<b>(101,384)</b>	<b>60,324</b>	-	<b>522,779</b>
<b>Reviewed</b>																
<b>STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>																
<b>CURRENT PERIOD</b>																
<b>01.01.2020 - 31.03.2021</b>																
<b>I. Balances at Beginning of Period</b>	1,000,000	-	-	(446,069)	-	225	2,807	-	-	-	5,332	(101,384)	20,080	480,991	-	480,991
<b>II. Correction made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Balances at Beginning of Period (I+II)</b>	1,000,000	-	-	(446,069)	-	225	2,807	-	-	-	5,332	(101,384)	20,080	480,991	-	480,991
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	-	-	-	-	60,990	60,990	-	60,990
<b>V. Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase from Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Capital Reserves from Inflation Adjustments to Paid-in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Liabilities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Others Changes</b>	-	-	-	-	-	337	-	-	-	-	-	-	-	337	-	337
<b>XI. Profit Distribution</b>	-	-	-	(101,384)	-	-	-	-	-	-	-	121,464	(20,080)	-	-	-
11.1. Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves	-	-	-	(101,384)	-	-	-	-	-	-	-	121,464	(20,080)	-	-	-
11.3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>	<b>1,000,000</b>	-	-	<b>(547,453)</b>	-	<b>562</b>	<b>2,807</b>	-	-	-	<b>5,332</b>	<b>20,080</b>	<b>60,990</b>	<b>542,318</b>	-	<b>542,318</b>

1.Revaluation surplus on tangible and intangible assets

2. Defined benefit plans' actuarial gains/losses

3. Others (The share of the investments that are valued by equity method from other comprehensive income that cannot be reclassified to profit / loss and the accumulated amounts of other comprehensive income items that cannot be reclassified as other profit or loss)

4. Translation Differences

5. Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI

6. Others (Cash flow hedge income/ (losses), accumulated other comprehensive income components that may re-classified subsequently to profit&amp;loss)

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



**TURKLAND BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS ENDED MARCH 31, 2021 AND MARCH 31, 2020**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

**VI. STATEMENT OF CASH FLOWS**

	Reviewed	
	Current Period	Prior Period
	01.01-31.03.2021	01.01-31.03.2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>65,206</b>	<b>192,979</b>
1.1.1 Interests received	128,039	297,522
1.1.2 Interests paid	(48,080)	(54,742)
1.1.3 Dividend received	-	-
1.1.4 Fees and commissions received	4,691	6,701
1.1.5 Other income	13,911	35,870
1.1.6 Collections from previously written-off receivables	38,434	29,886
1.1.7 Cash payments to personnel and service suppliers	(20,668)	(18,131)
1.1.8 Taxes paid	(556)	-
1.1.9 Others	(50,565)	(104,127)
<b>1.2 Changes in operating assets and liabilities</b>	<b>(48,830)</b>	<b>(798,286)</b>
1.2.1 Net (increase) decrease in financial assets measured at FVTPL	-	-
1.2.2 Net (increase) decrease in due from banks	10,656	(3,441)
1.2.3 Net (increase) decrease in loans	(55,396)	44,289
1.2.4 Net (increase) decrease in other assets	(23,658)	22,441
1.2.5 Net increase (decrease) in bank deposits	148,208	(104)
1.2.6 Net increase (decrease) in other deposits	(149,348)	(505,413)
1.2.7 Net (increase) decrease in financial liabilities measured at FVTPL	-	-
1.2.8 Net increase (decrease) in funds borrowed	(250)	(1,725)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	20,958	(354,333)
<b>I. Net cash flow from banking operations</b>	<b>16,376</b>	<b>(605,307)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash flow from investing activities</b>	<b>(305,321)</b>	<b>283,951</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures	-	-
2.3 Purchases of tangible assets	-	(6,486)
2.4 Sales of tangible assets	8,726	2,702
2.5 Cash paid for purchase of financial assets measured at FVOCI	-	-
2.6 Cash obtained from sale of financial assets measured at FVOCI	-	-
2.7 Cash paid for purchase of financial assets measured at amortised cost	(312,347)	-
2.8 Cash obtained from sale of financial assets measured at amortised cost	-	287,847
2.9 Others	(1,700)	(112)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash flow from financing activities</b>	<b>(2,596)</b>	<b>348,130</b>
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Equity instruments issued	-	-
3.4 Dividends paid	-	-
3.5 Payments for financial leases	(2,596)	(1,870)
3.6 Others	-	350,000
<b>IV. Effect of translation differences on cash and cash equivalents</b>	<b>26,151</b>	<b>30,810</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	<b>(265,390)</b>	<b>57,584</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	<b>665,439</b>	<b>599,336</b>
<b>VII. Cash and cash equivalents at end of period</b>	<b>400,049</b>	<b>656,920</b>

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2021**

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

**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette No.26333 dated November 1, 2006 and 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”), and in case where a specific regulation is not made by BRSA, and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks “and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The financial statements are prepared in accordance with the historical cost basis except for financial instruments measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income which are presented on a fair value basis.

The Bank has started to apply TFRS 9 Financial Instruments (“TFRS 9”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) in the accompanying unconsolidated financial statements starting from January 1, 2018 for the first time based on the regulation published in the Official Gazette no. 29750 dated June 22, 2016 in connection with procedures and principals regarding classification of loans and allowances allocated for such loans which came into force starting from January 1, 2018.

The preparation of financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

**II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions**

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 10.81% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

Besides its principle activity, the main financial instruments of the Bank are money market placements, treasury bills and government bonds.

Marketable securities comprising 10.33% of total assets are assets with low risk and high yield. Placements in banks are 9.47% of the total assets and these assets provide liquidity with low risk and yield.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of the risk management strategy of the Bank, the management of risk bearing short positions of currency, interest or price movements is performed only by the Treasury and using the limits defined by the Board of Directors.

**III. Explanations on Forward and Option Contracts and Derivative Instruments**

The Bank's derivative instruments consist of foreign currency swaps, forward foreign currency buy/sell transactions and options. Derivative instruments are accounted for at their fair values as at the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments" ("TFRS 9"). Realized gains or losses on these instruments are reflected in the statement of income.

Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or income according to the current tax legislation.

Contract amounts of derivatives are recorded in off the balance sheet contingencies and commitments. There are no embedded derivatives separated from the host contract or that are designated as hedging instruments as of the balance sheet date.

**IV. Explanations on Interest Income and Expenses**

Interest income and expenses are recognized in the income statement on an accrual basis using the effective interest method. On January 1, 2018, the Bank has started to calculate the rediscount for its non-performing loans. Non-performing loans are discounted with effective interest rate over the net book value and for calculated amount expected credit loss is set aside in income statement.

**V. Explanations on Fees and Commission Income and Expenses**

All fees and commission income/expenses are recognized as income at the time of realization and during the service is provided. Loan related fees and commissions paid to or received from the other institutions are considered as transaction costs and accounted using the effective interest method.

**TURKLAND BANK ANONİM ŞİRKETİ**  
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**VI. Explanations on Financial Assets**

In the framework of “IFRS 9 Financial Instruments”, which is effective as of January 1, 2018, the Bank classifies its financial assets as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” or “Financial assets at amortized cost”. This classification is made during initial recognition based on the contractual cash flow characteristics with the business model of the financial assets determined by management.

The financial assets are recognized or derecognized in accordance with the “Recognition and Derecognition” principles defined in Section 3 related to classification and measurement of financial instruments of the “IFRS 9 Financial Instruments”. At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value. Financial instruments are included in the Bank's balance sheet if the Bank is a legal party to these financial instruments.

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank’s balance sheet in all aspects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

The methods and assumptions used in the recognition and measurement of financial instruments are described below.

*Financial Assets at Fair Value Through Profit or Loss*

Financial assets at fair value through profit and loss are financial assets other than the ones that are managed with business model that aims to hold assets to collect contractual cash flows or to collect cash flows that are solely payments of principal and interest on the principal outstanding amount; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit taking.

Financial assets at the fair value through profit or loss are initially recognized at fair value. Transaction costs related to the acquisition of the relevant asset are included in the cost of acquisition. The positive difference between the cost and fair value of such securities is accounted as interest and income accrual, and the negative difference between the cost and fair value is accounted under “Provision for Impairment of Securities Account”.

*Financial Assets at Fair Value Through Other Comprehensive Income*

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial assets give rise to cash flows that are solely payments of principal of interest at certain dates.

The Bank’s management may retain both the contractual cash flows as well as the portfolio for sale, in order to meet daily liquidity needs, maintain a certain level of interest income and align the maturity of financial assets with the valuation of the financial liabilities for funding purposes. Financial assets at fair value through other comprehensive income are initially recognized at fair value including transaction costs.

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**VI. Explanations on Financial Assets (continued)**

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

The results of the subsequent changes in the fair value of financial assets at fair value through comprehensive income, namely unrealized gain or loss are recorded in “Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss”. Accumulated fair value gain or loss, previously reflected in equity, is recorded to the income statement when the said financial assets are disposed.

The fair value of financial assets at fair value through other comprehensive income, which are traded in active markets is determined according to the price of the stock exchange and in the case that the stock market price is not available, according to the price in the Official Gazette. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in TFRS 9.

*Financial Assets at Amortized Cost*

A financial asset is classified as a financial asset measured at amortized cost, if the financial asset is held within the scope of a business model for the collection of contractual cash flows and the contractual terms of the financial asset result in cash flows that include payments arising only from principal and interest on the principal amounts on specific dates.

After the initial recognition, provision for impairment to be deducted, if any, financial assets measured at amortized cost are recognized with discounted value using effective interest method (internal rate of return).

Interest earned from financial assets measured at amortized cost is recorded as interest income. The Bank classifies financial assets in accordance with the classifications explained above during the acquisition of the mentioned assets.

The Bank has Consumer Price Indexed (CPI) government bonds classified as financial assets measured at amortized cost. These securities are valued and accounted for using effective interest rate method considering estimated inflation rate based on real coupon rates and reference inflation index at issue date. As stated in CPI Indexed Bonds Investor Guide of the Undersecretariat of Treasury, the reference index used in the calculation of the actual coupon payment amounts of these securities are generated according to the CPI of two months ago. The Bank determines the estimated inflation rate accordingly. The inflation rate anticipated by considering the expectations of the Central Bank of Turkey. The estimated inflation rate of Bank is updated during year when deemed necessary.

*Loans*

Loans are non-derivative financial assets which have fixed or determinable payments and are not traded.

The Bank initially records loans and receivables at fair value. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

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

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses.

All loans of the Bank are monitored under the “Financial Assets at Amortized Costs” account.

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**VI. Explanations on Financial Assets (continued)**

**TFRS 9 Financial Instruments**

TFRS 9 introduced new requirements for the classification and measurement of financial assets / liabilities and for derecognition and for general hedge accounting.

Key requirements of TFRS 9:

- All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt instruments and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in TAS 39. Under TFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Bank's financial assets and financial liabilities as at January 1, 2018 based on the facts and circumstances that exist at that date, it has been assessed that the impact of TFRS 9 to the Bank's unconsolidated financial statements as follows:

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**VI. Explanations on Financial Assets (continued)**

**TFRS 9 Financial Instruments (continued)**

Classification and measurement

Classification and measurement of financial assets in accordance with TFRS 9 standard has determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance only.

On initial adoption in the financial statements, each financial asset can be classified as a financial asset measured at amortized cost, or at fair value through profit or loss, or as measured at fair value through other comprehensive income. The application of the existing provisions of TAS 39 for the classification and measurement of financial liabilities does not change substantially.

According to TFRS 9, Available for Sale Financial Assets and Held to Maturity Financial Assets are classified as Financial Assets at Amortized Cost as of January 1, 2018.

Impairment:

In accordance with the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Reserved" published in the Official Gazette dated June 22, 2016 and numbered 29750, the Bank started to recognize provision for impairment in accordance with the provisions of TFRS 9 as of January 1, 2018. In this context, the method of allocating loan provisions, which is disclosed in detail in the accounting policy of Section Three, footnote VII, as of December 31, 2017, has been changed by applying the TFRS 9 along with applying the expected credit loss model. The expected credit losses estimate is unbiased, weighted by probability and should include supportable information about estimates of past events, current conditions and future economic conditions. These financial assets have been classified into the following three categories based on the increase in the credit risks observed since the first receipt of financial assets:

Stage 1: Includes financial instruments with no significant increase in credit risk starting from initial recognition until the next reporting period or at a lower credit risk as of the reporting date. For these assets, the expected credit loss of 12 months is accounted.

Stage 2: Includes financial assets that have a significant increase in credit risk after initial recognition but an objective evidence of impairment does not exist. For these assets, expected lifetime credit losses are accounted.

Stage 3: Includes financial assets that have objective evidence of impairment as of the reporting date. For these assets, expected lifetime credit losses are accounted.

The Bank has applied the classification, measurement and impairment effects to the opening equity amounts without making any adjustments during the comparative periods in the opening balance sheet as of January 1, 2018. In addition, the effect of deferred tax assets to be calculated under TFRS 9 has reflected in equity during the first transition.

"TFRS 9 Financial Instruments" standard related to the classification and measurement of financial instruments has been issued by the Public Oversight, Accounting and Auditing Standards Authority and published in the Official Gazette dated January 19, 2017, numbered 29953 is effective from January 1, 2018 and replaces "TAS 39 Financial Instruments: Recognition and Measurement" standard.

At every balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

**TURKLAND BANK ANONİM ŞİRKETİ**  
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**VII. Explanations on Impairment of Financial Assets**

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the initial accounting of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses for future events are not journalized.

The Bank classifies loans according to their qualifications in accordance with the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Made" effective as of January 1, 2018. In this context, the Bank considers the general structure of the loan portfolio, the financial structure of its customers, non-financial data and economic conjuncture in accordance with its credit risk policies when making estimations. Provisions are recognized in profit and loss accounts using the "TFRS 9 Expected Loss Provisions" account.

Provisions made for loan losses in the current period and provision made in the previous periods are reversed as a result of principal collections made for the related loans or that are written off are recorded in the "Expected Loss Provisions" account.

**Calculation of expected credit losses**

Expected credit losses are calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

**Probability of Default (PD):** PD refers to the likelihood that a loan will default, which is usually set at 12 months, 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.

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

Internal rating systems are used in the Bank.

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. LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

**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.

**Stage 1:** 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime 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 by loss given default rate and discounted with the original effective interest rate.



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**VII. Explanations on Impairment of Financial Assets (continued)**

**Stage 2:** Lifetime expected credit losses are expected credit losses from all possible default events that can occur during the expected life of a financial instrument (the risk of a default occurring during the expected life of the financial instrument is estimated). In Stage 2, the provision is calculated for financial assets whose credit risk has deteriorated but not impaired.

**Stage 3:** The Bank evaluates all impaired accounts individually. The methodology is individual assessment and the probability of default is considered as 100%.

**Default Definition:** It means debt having past due more than 90 days. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

The Bank calculates the expected credit losses in Stage 1 and Stage 2 by groups based on the following criteria.

- Cash Products / Non-cash Products
- Customer Segments: Commercial and Retail / Corporate
- Product Types: Instalment Credits, Renewable Loans (Rotative), Spot Loan, Overdraft Accounts and Other

Due to the disruptions in economic and commercial activities as a result of the COVID-19 epidemic spread to many countries including our country within the scope of Article 4 and 5 of the Regulation On Procedures And Principles For Classification Of Loans And Provisions in accordance with the BRSA Decision, the 90-day delay period envisaged for the classification of non-performing loans is 180 days until June 30, 2021 for the loans monitored in stage 2 and it is decided that in the calculation of the expected credit losses in accordance with TFRS 9, the banks will continue to allocate the ECL to be set aside, as per their risk models, for the loans that continue to be classified in stage 2 despite the 90-day delay. As of March 31, 2021, the bank has 1 customer within this scope.

Considering the magnitude of the economic changes due to COVID-19, the Bank updated its forward-looking macroeconomic assumptions and estimations for individual loans in the calculation of expected credit losses. In the upcoming periods, the Bank will update its related assumptions as necessary and review the realization status of its past estimates.

**VIII. Explanations on Offsetting of Financial Assets and Liabilities**

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

**IX. Explanations on Sales and Repurchase Agreements and Lending of Securities**

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

Funds given against securities purchased under agreements to resell (“reverse repo”) are accounted under “Receivables from reverse repurchase agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method. The Bank does not have any securities that are subject to any payment.

The income and expenses from these transactions are reflected to the “Interest Income on Money Market Transactions” and “Interest Expense on Money Market Transactions” accounts in the income statement.

As of March 31, 2021, the Bank does not have any reverse repo transaction. (December 31, 2020: TRY 195,096).

As of March 31, 2021, the Bank does not have any marketable securities lending transaction (December 31, 2020: None).

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**X. Explanations on Assets Held for Sale and Discontinued Operations**

Assets held for sale with high probability of sale, are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. In addition, the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low.

The Bank has assets held for sale amount of TRY 239,156 as of March 31, 2021 (December 31, 2020: TRY 179,054).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operations.

**XI. Explanations on Goodwill and Other Intangible Assets**

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There is no change in the amortization method in the current period.

The intangible assets comprising purchased softwares are in the other intangible fixed assets. As of the balance sheet date, all softwares are purchased and there are no completed or continuing software development projects by the Bank.

	%
Intangible Assets	7-33

**XII. Explanations on Tangible Fixed Assets**

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation. Tangible fixed assets are depreciated with straight-line method. While those acquired before January 1, 2004 are depreciated with the rates valid in prior periods, the fixed assets acquired after January 1, 2004 are depreciated with the rates determined by the Ministry of Finance based on useful economic lives.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Financial Lease	2-50
Furniture, fixtures and office equipment and others	2-33

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other lien on tangible fixed assets.

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**XIII. Explanations on Leasing Transactions**

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

IFRS 16 Leases Standard was published in the Official Gazette dated April 16, 2018 and numbered 29826. According to this standard, the difference between operating leases and financial leases has been eliminated and leasing transactions is reflected on the balance sheet by the lessee as the asset (utilization right) and lease payable, and the interest expense related to the lease liability has reflected to the accounts separately. The Bank started to use IFRS 16 Leases standard starting from January 1, 2019.

The Bank measures the leasing liability at the present value of the remaining lease payments, discounted at the Bank's application date using the reference interest rate at the date of application. In addition, the Bank measures the existence of the right to use of such right at an amount equal to the lease obligation which is reflected in the statement of financial position immediately after the first application date and adjusted for the amount of all prepayment or accrued lease payments.

In accordance with IFRS 16, the Bank measures the lease obligation based on the present value of the lease payments, which were not paid at the date of the lease commencement. Lease payments are discounted using the reference rate of the Bank.

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) All initial direct costs incurred by the Bank

When Bank applying the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) measures the restatement of the lease obligation at the restated cost. The Bank applies TAS 16 Property, Plant and Equipment while depreciating the right of use assets.

The Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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**XIV. 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. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

According to the legal department of the Bank, the total number of ongoing cases against the Bank is 325. The total amount of those cases consists of TRY 16,377, USD 804 Thousand and EUR 193 Thousand. There is a provision of TRY 9,036 in the accompanying financial statements for these cases (December 31, 2020: TRY 9,064).

**XV. Explanations on Liabilities Regarding Employee Benefits**

*Defined Benefit Plans:*

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30-day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No: 19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated March 12, 2013, as of March 31, 2021, the actuarial gains recognized in equity amounts to TRY 562 (December 31, 2020: TRY 225 actuarial gain).

The Bank has no employees are the member of retirement fund or foundation.

*Defined Contribution Plans:*

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

*Short-term Employee Benefits:*

In accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits"; defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

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**XVI. Explanations on Taxation**

*Corporate tax:*

According to article 37 of the Corporate Tax Law, corporate income is taxed at the rate of 20% from January 1, 2006. According to regulation of Law Amending Certain Tax Laws and Certain Other Laws numbered 7316 this ratio has been identified at the rate of 25% to be applied to corporate income for the taxation periods of 2021 and 23% for taxation period of 2022 and The Council of Ministers has been authorized to reduce this rate up to 20%.

The tax legislation requires advance tax of 25% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offsetted against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one instalment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. The Bank has not any tax provision in current period. (December 31, 2020: None).

*Deferred Tax:*

The Bank calculates and reflects deferred tax asset or liability on timing differences, which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The deferred tax resulting from differences related to items that are debited or credited directly to equity is netted with these accounts.

Furthermore, as per the above circular of BDDK, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

The net deferred tax asset is presented under deferred tax asset and the net deferred tax liability is presented under deferred tax liability on the balance sheet. The deferred tax income/expense is presented in the accompanying income statement as deferred tax provision and there is no deferred tax income/expense in current period. (March 31, 2020: None).

**XVII. Additional Explanations on Borrowings**

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

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**XVIII. Explanations on Issued Share Certificates**

The Bank does not have any issued debt securities. As of the date of approval of these financial statements, there is no subsequent dividend announcement of the Bank.

**XIX. Explanations on Acceptances**

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

**XX. Explanations on Government Incentives**

There are no government incentives utilized by the Bank.

**XXI. Explanations on Segment Reporting**

Since the Bank is not listed entity, disclosure requirements of TFRS 8 are not applicable for the Bank.

**XXII. Explanations on Other Matters**

A new type of coronavirus (COVID-19), which is first appeared in China, was classified by the World Health Organization as an epidemic affecting countries globally on March 11, 2020. The COVID-19 epidemic and the measures taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues, and remain uncertain about the future. The impact of these effects on the Bank's equity management and capital adequacy, asset quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk arising from banking accounts, leverage ratio and other risks and indicators regularly monitored by risk monitoring units and Bank management. Although the effects of the situation are not fully known, it is expected to affect the financial position and operating results of the Bank in the future. The Bank takes the necessary precautions to keep the negative effects under control and minimize them.

Considering the magnitude of the economic changes due to COVID-19, it is aimed to update the financial information in the most recent annual financial statements in the interim financial statements prepared as of March 31, 2021, the Bank made certain estimates for the expected credit losses and disclosed them in Note VII of Section Three. In the next periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates.

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**SECTION FOUR**  
**INFORMATION ON FINANCIAL STRUCTURE**

**I. Explanations Related to 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”.

As of March 31, 2021 Bank’s total capital has been calculated as TRY 550,867, capital adequacy ratio is 17.92%. As of December 31, 2020, Bank’s total capital amounted to TRY 497,044, capital adequacy ratio was 17.36% calculated pursuant to former regulations.

**Information related to the components of shareholders' equity:**

	<b>Current Period March 31, 2021 (*)</b>
<b>Common Equity Tier 1 Capital</b>	
Paid-in Capital to be Entitled for Compensation after All Creditors	1,000,000
Share issue premiums	-
Retained earnings	-
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	25,992
Profit	81,070
Net profit of the period	60,990
Profit of the previous years	20,080
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	2,807
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>1,109,869</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognized in equity in accordance with TAS	(560,487)
Improvement costs for operating leasing	(2,163)
Goodwill (net of related tax liability)	(9,763)
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(21,981)
Cash-flow hedge reserve	-
Shortfall of provisions to expected losses	-
Securitization gain on sale	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Investments in own shares	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
Mortgage servicing rights (amount above 10% threshold)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amount exceeding the 15% threshold (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks’ Own Funds)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>(594,394)</b>
<b>Common Equity Tier 1 capital (CET1)</b>	<b>515,475</b>

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**I. Explanations Related to Equity (continued)****Additional Tier 1 Capital**

Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-
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>Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period</b>	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-
<b>Total Additional Tier 1 capital</b>	-
<b>Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)</b>	<b>515,475</b>

**TIER 2 CAPITAL**

Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
<b>Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)</b>	<b>35,392</b>
<b>Tier 2 capital before regulatory adjustments</b>	<b>35,392</b>
<b>Tier 2 capital: regulatory adjustments</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-
<b>Total regulatory adjustments to Tier 2 capital</b>	-
<b>Total Tier 2 capital</b>	<b>35,392</b>
<b>Total Capital (The sum of Tier 1 capital and Tier 2 capital)</b>	<b>550,867</b>

**The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)**

Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	-
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition	-
Other items to be Defined by the BRSA	-
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-



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**I. Explanations Related to Equity (continued)**

Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)

Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)

<b>Capital</b>	<b>550,867</b>
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	550,867
Total Risk Weighted Assets	3,074,160
<b>CAPITAL ADEQUACY RATIOS</b>	
Common Equity Tier 1 Capital Adequacy Ratio (%)	16.77
Tier 1 Capital Adequacy Ratio (%)	16.77
Capital Adequacy Ratio (%) (**)	17.92
<b>BUFFERS</b>	
Total buffer requirement	2.511
Capital conservation buffer requirement (%)	2.500
Bank specific countercyclical buffer requirement (%)	0.011
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	12,268
<b>Amounts below the thresholds for deduction (before risk weighting)</b>	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital -	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Mortgage servicing rights (net of related tax liability)	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>	
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	77,144
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	35,392
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>	
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-

(\*) There is no amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process

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**I. Explanations Related to Equity (continued)**

	<b>Prior Period December 31,2020 (*)</b>
<b>Common Equity Tier 1 Capital</b>	
Paid-in Capital to be Entitled for Compensation after All Creditors	1,000,000
Share premium	-
Legal reserves	-
Accumulated other comprehensive income in accordance with TAS	25,656
Profit	20,080
Net current period profit	20,080
Prior period profit	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	2,807
<b>Common Equity Core capital before regulatory adjustments</b>	<b>1,048,543</b>
<b>Common Equity Core capital: regulatory adjustments</b>	
Valuation adjustments calculated according to clause (I) of first paragraph of the 9th article of the Regulation on Owners'	
Equity of Banks	-
Loss (in excess of Reserves) and other comprehensive expenses	(550,339)
Leasehold Improvements on Operational Leases (-)	(2,360)
Goodwill and Intangible assets and related deferred tax liabilities	(8,796)
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(21,982)
Cash-flow hedge reserve	-
Shortfall of provisions to expected losses	-
Securitization gain on sale	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Investments in own shares	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
Mortgage servicing rights (amount above 10% threshold)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amount exceeding the 15% threshold (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-
Amount exceeding the threshold of significant investments in the common stock of financials	-
Amount exceeding the threshold of mortgage servicing rights	-
Amount exceeding the threshold of mortgage servicing rights	-
Amount exceeding the threshold of deferred tax assets arising from temporary differences	-
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
<b>Total regulatory adjustments to Common equity Core Capital</b>	<b>(583,477)</b>
<b>Common Equity Core capital (CET1)</b>	<b>465,066</b>

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**I. Explanations Related to Equity (continued)**

<b>Additional Tier 1 capital: instruments</b>	
Privileged stocks which are not included in common equity and share premiums	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (after 1.1.2014)	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (before 1.1.2014)	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>	
Investments in own Additional Tier 1 instruments	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Other items to be defined by BRSA	-
<b>Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period</b>	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-
<b>Total Additional Tier 1 capital</b>	-
<b>Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)</b>	<b>465,066</b>
<b>TIER 2 CAPITAL</b>	
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	31,978
<b>Tier 2 capital before regulatory adjustments</b>	<b>31,978</b>
<b>Tier 2 capital: regulatory adjustments</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-
<b>Total regulatory adjustments to Additional Tier I capital</b>	-
<b>Additional Tier I capital (AT1)</b>	<b>31,978</b>
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>497,044</b>
<b>Deductions from the capital</b>	
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	-
National specific regulatory adjustments which shall be determined by the Board	-
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>	
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the temporary paragraph 1 of the article numbered 2 of Own Fund Regulation (-)	-

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**I. Explanations Related to Equity (continued)**

Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
<b>Capital</b>	<b>497,044</b>
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	497,044
Total Risk Weighted Assets	2,862,774
<b>CAPITAL ADEQUACY RATIOS</b>	
Common Equity Tier 1 Capital Adequacy Ratio (%)	16.25
Tier 1 Capital Adequacy Ratio (%)	16.25
Capital Adequacy Ratio (%)	17.36
<b>BUFFERS</b>	
Total buffer requirement	2.510
Capital conservation buffer requirement (%)	2.500
Bank specific countercyclical buffer requirement (%)	0.010
The ratio of Additional Common Equity Tier 1 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 (%)	11,746
<b>Amounts below the thresholds for deduction (before risk weighting)</b>	
Non-significant investments in the capital of other financials	-
Significant investments in the common stock of financials	-
Mortgage servicing rights (net of related tax liability)	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	88,935
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	31,978
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
<b>Capital instruments subject to phase-out arrangements (only applicable between January 1, 2018 and January 1, 2022)</b>	
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-

(\*) There are no amounts to be taken into consideration at the end of the transition period for the items subject to the transition provisions within the Provisional Articles of the "Regulation on Owners' Equity of Banks".

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**II. Explanations Related to Currency Risk**

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions and stop losses, which are followed up daily and weekly. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced current foreign exchange buying rates of the Bank at March 31, 2021 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	<b>25 March 2021</b>	<b>26 March 2021</b>	<b>29 March 2021</b>	<b>30 March 2021</b>	<b>31 March 2021</b>
<b>USD</b>	7.9177	7.9831	8.1580	8.2886	8.2220
<b>CHF</b>	8.4583	8.4804	8.6832	8.7851	8.7281
<b>GBP</b>	10.8562	11.0074	11.2585	11.3675	11.3274
<b>100 JPY</b>	7.2520	7.2650	7.4290	7.5040	7.4200
<b>Avro</b>	9.3448	9.4027	9.6040	9.7092	9.6444

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before at March 31, 2021 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	7.6319
<b>CHF</b>	8.1929
<b>GBP</b>	10.5648
<b>100 JPY</b>	7.0054
<b>EURO</b>	9.0690

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**II. Explanations Related to Currency Risk (continued)**

March 31, 2021	EURO	USD	YEN	OTHER	TOTAL
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	33,945	223,102	-	1,244	258,291
Banks	26,956	229,448	5,063	2,161	263,628
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	41,110	-	-	41,110
Financial Assets at Fair Value Through Other Comprehensive Income	-	9	-	-	9
Loans (*)	255,974	209,770	-	-	465,744
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	33,816	69,117	-	-	102,933
<b>Total Assets</b>	<b>257,627</b>	<b>827,299</b>	<b>5,063</b>	<b>3,405</b>	<b>1,093,394</b>
<b>Liabilities</b>					
Bank Deposits	-	146	-	-	146
Foreign Currency Deposits	249,435	850,035	4,067	1,606	1,105,143
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	4,959	25,802	-	622	31,383
<b>Total Liabilities</b>	<b>254,394</b>	<b>875,983</b>	<b>4,067</b>	<b>2,228</b>	<b>1,136,672</b>
<b>Net Balance Sheet Position</b>	<b>3,233</b>	<b>(48,684)</b>	<b>996</b>	<b>1,177</b>	<b>(43,278)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(3,376)</b>	<b>47,704</b>	<b>-</b>	<b>-</b>	<b>44,328</b>
Financial Derivative Assets (***)	482	49,009	-	-	49,491
Financial Derivative Liabilities (***)	(3,858)	(1,305)	-	-	(5,163)
Non-Cash Loans (**)	611,131	525,583	-	3,191	1,139,905
<b>December 31, 2020</b>					
<b>Total Assets (*) (****)</b>	<b>294,076</b>	<b>867,777</b>	<b>3,179</b>	<b>7,301</b>	<b>1,172,333</b>
<b>Total Liabilities</b>	<b>293,315</b>	<b>871,839</b>	<b>1,567</b>	<b>5,372</b>	<b>1,172,093</b>
<b>Net Balance Sheet Position</b>	<b>761</b>	<b>(4,062)</b>	<b>1,612</b>	<b>1,929</b>	<b>240</b>
<b>Net Off-Balance Sheet Position</b>	<b>(773)</b>	<b>-</b>	<b>(633)</b>	<b>(202)</b>	<b>(1,608)</b>
Financial Derivative Assets (***)	-	630	-	-	630
Financial Derivative Liabilities (***)	(773)	(630)	(633)	(202)	(2,238)
Non-Cash Loans (**)	571,791	318,816	-	3,088	893,695

(\*) Foreign currency indexed loans amounting to TRY 3,904 (December 31, 2020: TRY 7,196) are included in the loan portfolio.

(\*\*) There are no effects on the net off-balance sheet position.

(\*\*\*) It includes also TRY 8,381 and TRY 5,163 forward asset purchase &amp; sale commitments (December 31, 2020: TRY 630 and TRY 2,238).

(\*\*\*\*) Foreign Currency Net General Position / Return on Equity Standard Ratio Foreign currency amounts not included in the currency risk table required by the Regulation on Calculation of Standard Rate are explained according to the order in the financial statements:

- Derivative financial assets held for trading: None (December 31, 2020: None).
- Derivative financial liabilities held for trading: TRY 672 (December 31, 2020: None).

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**II. Explanations Related to Currency Risk (continued)**

**Foreign currency sensitivity:**

The following table details the Bank's sensitivity to a 10% increase or decrease in the TRY against USD and EURO. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/ (Negative) number indicates a change in profit or loss and other equity where USD and EUR increase 10% against TRY.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
USD	% 10 increase	(98)	(406)	-	-
USD	% 10 decrease	98	406	-	-
EURO	% 10 increase	(14)	(1)	-	-
EURO	% 10 decrease	14	1	-	-
Other Currency	% 10 increase	217	271	-	-
Other Currency	% 10 decrease	(217)	(271)	-	-

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**III. Explanations Related to Interest Rate Risk**

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and the Asset-Liability Committee manages it. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Department performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary. Since the Bank does not permit maturity mismatches or imposes limits on mismatch, a significant interest rate risk exposure is not expected.

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
<b>March 31, 2021</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	254,832	-	-	-	61,396	316,228
Banks	-	148,004	-	-	-	116,318	264,322
Financial Assets at Fair Value through Profit and Loss	-	-	-	-	-	-	-
Money Market Placements	41,110	-	-	-	-	-	41,110
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	9	-	138	147
Loans (*)	693,301	257,583	254,229	207,514	-	329,927	1,742,554
Financial Assets Measured at Amortized Cost	9,954	2	-	323,345	-	-	333,301
Other Assets (**)	-	-	-	-	-	529,208	529,208
<b>Total Assets</b>	<b>744,365</b>	<b>660,421</b>	<b>254,229</b>	<b>530,868</b>	<b>-</b>	<b>1,036,987</b>	<b>3,226,870</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	1,185	1,185
Other Deposits	1,307,259	606,724	65,766	-	-	257,898	2,237,647
Money Market Borrowings	157,784	-	24,598	-	-	-	182,382
Sundry Creditors	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1	-	-	-	-	-	1
Other Liabilities (***)	89,157	3,569	-	-	-	712,929	805,655
<b>Total Liabilities</b>	<b>1,554,201</b>	<b>610,293</b>	<b>90,364</b>	<b>-</b>	<b>-</b>	<b>972,012</b>	<b>3,226,870</b>
Balance Sheet Long Position	-	50,128	163,865	530,868	-	64,975	809,836
Balance Sheet Short Position	(809,836)	-	-	-	-	-	(809,836)
Off-Balance Sheet Long Position	-	-	-	-	-	41,110	41,110
Off-Balance Sheet Short Position	-	-	-	-	-	(41,783)	(41,783)
<b>Total Position</b>	<b>(809,836)</b>	<b>50,128</b>	<b>163,865</b>	<b>530,868</b>	<b>-</b>	<b>64,302</b>	<b>(673)</b>

(\*) Up to 1-month column consist of revolving loans and corporate FC indexed loans.

(\*\*) The other assets line in the non interest column consist of tangible assets amounting to TRY 39,394, intangible assets amounting to TRY 9,763, assets held for sale amounting to TRY 239,156, sundry debts amounting to TRY 149,430, deferred tax asset amounting to TRY 43,205, and other assets amounting to TRY 47,760.

(\*\*\*) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 542,318, provisions amounting to TRY 142,776 and other liabilities amounting to TRY 27,835.



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**III. Explanations Related to Interest Rate Risk (continued)****Average interest rates applied to monetary financial instruments:**

	EURO %	USD %	YEN %	TRY %
<b>March 31, 2021</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances with The Central Bank of Turkey	-	-	-	14
Banks	-	0.11	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-	-	-
Money Market Placements	-	-	-	17.04
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	7.38	-	-
Loans	3.89	4.46	-	19.55
Financial Assets Measured at Amortized Cost	-	-	-	13.19
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	0.92	2.09	-	17.46
Money Market Borrowings	-	-	-	16.26
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
<b>December 31, 2020</b>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	249,602	-	-	-	67,869	317,471
Banks	-	133,385	-	-	-	196,618	330,003
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-
Money Market Placements	249,152	-	-	-	-	-	249,152
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	8	-	138	146
Loans (*)	640,029	192,775	327,428	174,254	-	346,374	1,680,860
Financial Assets Measured at Amortised Cost	-	19,657	4	-	-	-	19,661
Other Assets (**)	-	-	-	-	-	470,413	470,413
<b>Total Assets</b>	<b>889,181</b>	<b>595,419</b>	<b>327,432</b>	<b>174,262</b>	<b>-</b>	<b>1,081,412</b>	<b>3,067,706</b>
Liabilities							
Bank Deposits	-	-	-	-	-	1,113	1,113
Other Deposits	1,317,319	672,396	92,066	-	-	197,104	2,278,885
Money Market Borrowings	10,308	-	23,736	-	-	-	34,044
Sundry Creditors	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	262	-	-	-	-	-	262
Other Liabilities (***)	93,880	3,873	-	-	-	655,649	753,402
<b>Total Liabilities</b>	<b>1,421,769</b>	<b>676,269</b>	<b>115,802</b>	<b>-</b>	<b>-</b>	<b>853,866</b>	<b>3,067,706</b>
Balance Sheet Long Position	-	-	211,630	174,262	-	227,546	613,438
Balance Sheet Short Position	(532,588)	(80,850)	-	-	-	-	(613,438)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(532,588)</b>	<b>(80,850)</b>	<b>211,630</b>	<b>174,262</b>	<b>-</b>	<b>227,546</b>	<b>-</b>

(\*) Up to 1-month column consist of revolving loans and corporate FC indexed loans.

(\*\*) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 42,326, intangible assets amounting to TRY 8,796, assets held for sale TRY 179,054, assets to be sold amounting to TRY 143,558, non-performing loans amounting to TRY 43,205 and other assets amounting to TRY 53,560.

(\*\*\*) The other liabilities line in the non-interest column consists of shareholders' equity amounting to TRY 480,991, provisions amounting to TRY 144,549, other liabilities amounting to TRY 30,109.

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**III. Explanations Related to Interest Rate Risk (continued)**

	EURO %	USD %	YEN %	TRY %
<b>December 31, 2020</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances with The Central Bank of Turkey	-	-	-	13.50
Banks	-	0.93	-	9.17
Financial Assets Measured at Fair Value through Profit/Loss	-	-	-	-
Money Market Placements	-	-	-	8.63
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	7.38	-	9.66
Loans	4.14	4.72	-	15.73
Financial Assets Measured at Amortized Cost (*)	-	-	-	6.09
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	0.51	1.92	-	10.97
Money Market Borrowings	-	-	-	10.32
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	8.92

(\*) Financial Assets Measured at Amortized Cost include CPI indexed securities, which cover 99.99% of the portfolio.

**Interest rate risk arising from banking accounts:**

According to the "Regulation on Measurement and Evaluation of the Interest Rate Ratio of Banking Accounts Based on Standard Shock", which is divided into different currencies of the Bank, the following table shows the economic value differences arising from interest rate fluctuations as of March 31, 2021:

Type of Currency	Shocks Applied (+ / - basis points)*	Gains / Losses	Gains / Equity – Losses / Equity
TRY	500	(76,383)	(14%)
	(400)	71,216	13%
EURO	200	(376)	0%
	200	385	0%
USD	(200)	(1,656)	(0%)
	(200)	1,711	0%
<b>Total (of negative shocks)</b>		<b>73,311</b>	<b>13%</b>
<b>Total (of positive shocks)</b>		<b>(78,414)</b>	<b>(14%)</b>

\*Separate lines are entered for each shock with a different magnitude and direction applied to a currency.

**IV. Explanations Related to Equity Securities Risk**

The Bank has no outstanding stock position.

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**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio**

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TRY and foreign currency assets and liabilities on the balance sheet and their costs. In this sense, various crisis scenarios, which are prepared by risk management group, are presented to management and audit committee.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources.

Bank calculated liquidity adequacy ratio in both foreign currency and total amount as per Basel III, and reported to BRSA according to Bank's Regulation on Measurement and Evaluation of Liquidity Adequacy Ratio declared in 2013. Furthermore, the Bank reports liquidity risk analysis form weekly to BRSA in 2013.

The unconsolidated lowest foreign currency is (21/03/2021) (%383) and the unconsolidated highest foreign currency is (11/01/2021) (%558) and total liquidity coverage ratios are (14/03/2021) (%235) at the lowest and (26/03/2021) (%410) at the highest while which are calculated weekly for the last three months.

Liquidity risk in a Bank is evaluated separately with respect to normal market conditions and market fluctuations, which can possibly occur. The bank makes the required diversification in its assets and liabilities via considering related currencies in order to meet its obligation to pay.

Liquidity deficit report is issued through the quantitative evaluation of daily and cumulative deficits in local currency and foreign currency in the framework of ordinary and stressful environment. Liquidity deficit report includes deficit-maturing liabilities in any period of borrowings and placements made in order to replacement assets. Liquidity deficit report is based on current balance sheet and includes off-balance sheet derivative transactions and commitments, which can affect the balance sheet. Liquidity report is issued quarterly over TRY and foreign currency.

Liquidity Risk Measurement is to determine the non-conformance between assets and liabilities, which can occur because of challenges encountered in decreasing the asset positions if the assets of the Bank are pledged, and the assets cannot be sold with relative ease or the market returns to liquid assets at different levels. The liquidity of the Bank is designed to meet the due liabilities of the bank. The courses followed by the bank to reach the aforementioned purpose are as follows:

- Measurement of day liquidity
- Short term funding
- Liquid assets
- Structural liquidity
- Diversification of liquidity resources
- Stress tests

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**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)**

The Treasury department in coordination with marketing department performs liquidity management while stress test and scenario analyses studies are performed under the coordination of Risk Management Group with the views and suggestions of other related departments. Results of stress test are reported to executives regularly and submitted to Audit Committee quarterly by the Risk Management Group. Loan losses, delays in loan repayment and deposit withdrawals are used as variables in these stress test scenarios. Additional capital allocation is not made for liquidity risk.

Stress tests examine the possible effect of an event on balance sheet and net potential cumulative deficit quantitatively and foresee the required additional funding with respect to a defined stress scenario. Stress tests are performed quarterly over TRY and foreign currency unless they are required to be performed more often due to a change occurring in market conditions.

The bank operates periodical liquidity analyses, which compare the inflows and outflows of funds and cover a specific period. The following issues are taken into consideration in these analyses:

- Assumptions based on anticipated inflow and outflow of funds
- Capability of bank to convert its assets into cash
- Liquidity instruments provided by the Central Bank
- Loss of value which occurs while liquidating assets in market fluctuations
- Market conditions for specified several asset classifications

Sensitivity tests are performed periodically with scenarios, which are peculiar to banks and particular to the market. These scenarios are reviewed periodically.

Chief Economist presents a short explanation regarding the recent developments in market in Committee of Assets and Liabilities meetings. Departments of Treasury, Budget Planning and Management Reporting and Retail Banking inform the Committee regarding the recent liquidity of the Bank.

Credit/Deposit rate defined by the Board of Directors of the Bank provides short-term liquidity needs of the bank not to drop below a certain level of liquidity. The Credit/Deposit rate is monitored by departments of Treasury, Budget Planning and Management Reporting and Retail Banking and discussed in Committee of Assets and Liabilities meetings. Decisions regarding liquidity are made in the light of aforementioned information. The Treasury examines weekly Liquidity Analysis Form, biweekly Stock Liquidity Rate Notification Form and weekly Liquidity Rate Notification Form (first maturity segment) and related departments in order to determine liquidity balance between assets and liabilities of the Bank in accordance with the communique of Banking Regulation and Supervision Agency.

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**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)****Liquidity Coverage Ratio:**

March 31, 2021		Total Unrated Value (*)		Total Rated Value (*)	
		TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
	High Quality Liquid Assets			418,837	254,239
<b>CASH OUTFLOWS</b>					
2	Retail deposit	1,487,122	667,104	141,498	67,353
3	Stable deposit	175,206	2,248	8,856	114
4	Less stable deposit	1,311,916	664,856	132,642	67,239
5	Unsecured wholesale funding	557,249	271,629	283,533	123,821
6	Operational deposit	-	-	-	-
7	Non-Operational deposit	454,099	245,095	179,263	97,008
8	Other unsecured funding	103,150	26,534	104,270	26,813
9	Secured funding			-	-
10	Other cash outflows	605,623	239,609	107,828	30,356
11	Derivatives cash outflows	104	12	89	12
12	Fundings due to restructured financial instruments	-	-	-	-
13	Payment commitments due to financial markets and other off balance sheet commitments and contingencies	605,519	239,597	107,739	30,344
14	Revocable other off balance sheet contingencies and commitments and other contractual cash outflows	-	-	-	-
15	Other contingent or non-contingent funding obligations	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			<b>532,859</b>	<b>221,530</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-		-
18	Unsecured receivables	622,920	308,485	598,214	311,332
19	Other cash inflows	22	9	23	10
20	<b>TOTAL CASH INFLOWS</b>	<b>622,942</b>	<b>308,494</b>	<b>598,237</b>	<b>311,342</b>
				<b>Total Adjusted Value</b>	
21	<b>TOTAL STOCK OF HQLA</b>			<b>418,837</b>	<b>254,239</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>133,215</b>	<b>55,383</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>314.41</b>	<b>459.06</b>

(\*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages

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**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)****Liquidity Coverage Ratio (continued):**

December 31, 2020		Total Unrated Value (*)		Total Rated Value (*)	
		TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High Quality Liquid Assets			513,296	323,932
<b>CASH OUTFLOWS</b>					
2	Retail deposit	1,568,835	815,999	185,286	82,498
3	Stable deposit	170,125	1,693	149,990	85
4	Less stable deposit	1,398,710	814,306	141,393	82,413
5	Unsecured wholesale funding	597,281	331,342	297,101	147,592
6	Operational deposit	-	-	-	-
7	Non-Operational deposit	498,825	305,402	197,577	121,349
8	Other unsecured funding	98,456	25,940	99,524	26,243
9	Secured funding			-	-
10	Other cash outflows	631,942	255,461	104,534	27,819
11	Derivatives cash outflows	735	26	750	26
12	Fundings due to restructured financial instruments	-	-	-	-
13	Payment commitments due to financial markets and other off balance sheet commitments and contingencies	631,207	255,435	103,784	27,793
14	Revocable other off balance sheet contingencies and commitments and other contractual cash outflows	-	-	-	-
15	Other contingent or non-contingent funding obligations	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			<b>551,625</b>	<b>257,909</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	629,562	353,942	586,509	347,737
19	Other cash inflows	621	604	635	618
20	<b>TOTAL CASH INFLOWS</b>	<b>630,183</b>	<b>354,546</b>	<b>587,144</b>	<b>348,355</b>
				<b>Total Adjusted Value</b>	
21	<b>TOTAL STOCK OF HQLA</b>			<b>513,296</b>	<b>323,932</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>137,906</b>	<b>64,477</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>372.21</b>	<b>502.40</b>

(\*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages

A decrease is observed in cash inflow and outflows in parallel with the decrease in the volume of credit and deposit. Additionally, liabilities of the bank with respect to these transactions increase in parallel with the derivative transactions made in order to minimize the currency risk of the bank.

High quality liquid assets consist of cash assets, central banks, securities and reverse repo items.

A significant proportion of daily cash inflow of the Bank consists of payments related to loans issued and placement of banks while a significant proportion of daily cash outflow of the Bank consists of payments related to collected deposits. Domestic and foreign banks and loan clients constitute the resource of cash inflows. The bank applies limits for the transactions, which shall be made with domestic and foreign banks, and these limits are monitored by the Risk Management Department daily.

The Bank has performed forward exchange, swap and option transactions with foreign financial institutions during 2021.

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**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)****Presentation of assets and liabilities according to their remaining maturities:**

<b>March 31, 2021</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Month</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Undistributed (*)</b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey (****)	121,773	128,402	59,594	6,459	-	-	-	316,228
Banks	116,318	-	148,004	-	-	-	-	264,322
Financial Assets Measured at Fair Value Through Profit and Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	41,110	-	-	-	-	-	41,110
Financial Assets Measured at Fair Value through Other Comprehensive Income	138	-	-	-	9	-	-	147
Loans (***)	-	693,301	257,583	254,229	207,514	-	329,927	1,742,554
Financial Assets Measured at Amortized Cost	-	9,952	-	-	323,349	-	-	333,301
Other Assets	-	-	-	-	-	-	529,208	529,208
<b>Total Assets</b>	<b>238,229</b>	<b>872,765</b>	<b>465,181</b>	<b>260,688</b>	<b>530,872</b>	<b>-</b>	<b>859,135</b>	<b>3,226,870</b>
<b>Liabilities</b>								
Bank Deposits	1,185	-	-	-	-	-	-	1,185
Other Deposits	257,898	1,307,259	606,724	65,766	-	-	-	2,237,647
Money Market Borrowings	-	1	-	-	-	-	-	1
Sundry Creditors	-	157,784	-	24,598	-	-	-	182,382
Marketable Securities Issued	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	89,157	3,569	-	-	-	712,929	805,655
<b>Total Liabilities</b>	<b>259,083</b>	<b>1,554,201</b>	<b>610,293</b>	<b>90,364</b>	<b>-</b>	<b>-</b>	<b>712,929</b>	<b>3,226,870</b>
<b>Liquidity Gap</b>	<b>(20,854)</b>	<b>(681,436)</b>	<b>(145,112)</b>	<b>170,324</b>	<b>530,872</b>	<b>-</b>	<b>146,206</b>	<b>-</b>
<b>Net Off-Balance Position</b>	<b>-</b>	<b>(673)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(673)</b>
Derivative Assets	-	41,110	-	-	-	-	-	41,110
Derivative Liabilities	-	41,783	-	-	-	-	-	41,783
<b>Non-Cash Loans</b>	<b>-</b>	<b>93,805</b>	<b>130,062</b>	<b>897,055</b>	<b>31,145</b>	<b>358,117</b>	<b>-</b>	<b>1,510,184</b>
<b>December 31, 2020</b>								
<b>Total Assets</b>	<b>303,774</b>	<b>1,022,362</b>	<b>413,782</b>	<b>336,734</b>	<b>174,267</b>	<b>-</b>	<b>816,787</b>	<b>3,067,706</b>
<b>Total Liabilities</b>	<b>198,217</b>	<b>1,421,769</b>	<b>676,269</b>	<b>115,802</b>	<b>-</b>	<b>-</b>	<b>655,649</b>	<b>3,067,706</b>
<b>Liquidity Gap</b>	<b>105,557</b>	<b>(399,407)</b>	<b>(262,487)</b>	<b>220,932</b>	<b>174,267</b>	<b>-</b>	<b>161,138</b>	<b>-</b>
<b>Net Off-Balance Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Derivative Assets	-	-	-	-	-	-	-	-
Derivative Liabilities	-	-	-	-	-	-	-	-
<b>Non-Cash Loans</b>	<b>-</b>	<b>46,399</b>	<b>90,011</b>	<b>695,633</b>	<b>64,959</b>	<b>411,630</b>	<b>-</b>	<b>1,308,632</b>

(\*) The assets, which are necessary to provide banking services and cannot be liquidated in the short term, such as tangible assets, investments in subsidiaries and associates and non-performing loans are classified under undistributed.

(\*\*) Shareholders' equity is shown under other liabilities in undistributed column.

(\*\*\*) Revolving loans are classified in up to 1-month column.

(\*\*\*\*) Reserve requirement distribution is based on maturity distribution of liabilities on which the reserve is calculated.

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**VI. Explanations Related to Leverage Ratio****Information on subjects that causes difference in leverage ratio between current and prior periods:**

As of March 31, 2021, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 13.84% (December 31, 2020: 14.08%). This ratio is above the minimum required. The regulation stipulated a minimum leverage ratio of 3%.

**Disclosure of Leverage ratio template:**

	<b>On Balance Sheet Exposures</b>	<b>March 31, 2021 (*)</b>	<b>December 31, 2020 (*)</b>
1	On balance sheet exposures (excluding derivative exposures, including collaterals)	3,348,368	3,388,853
2	(Deductions from the capital)	(594,759)	(595,249)
3	Total risk amount of on balance sheet exposures (Total of 1st ve 2nd rows)	2,753,609	2,793,604
	<b>Derivative exposures</b>		
4	Replacement cost of derivative exposure	325	4,398
5	Potential credit risk of derivative exposures	32,784	66,147
6	Total risk of derivative exposures (Total of 4th ve 5th rows)	33,109	70,545
	<b>Securities financing transaction exposures</b>		
7	The risk amount of Securities financing transaction exposures (excluding on balance sheet exposures)	-	-
8	The risk amount of transactions bank acting as agent	-	-
9	Total risk amount of Securities financing transaction exposures (Total of 7th ve 8th rows)	-	-
	<b>Off Balance sheet items</b>		
10	The gross nominal amount of off balance sheet items	1,256,937	1,010,316
11	CCR adjustment amount	(284,749)	(289,118)
12	The risk amount of off balance sheet items (Total of 10th ve 11th rows)	972,188	721,198
	<b>Capital and total risk</b>		
13	Shareholders' Equity	496,139	483,381
14	Total risk amount (Total of 3rd, 6th, 9th and 12th rows)	3,758,906	3,585,347
	<b>Leverage Ratio</b>		
15	Leverage ratio	<b>%13.84</b>	<b>%14.08</b>

(\*) Amounts demonstrate the average of last three months.



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**VII. Explanations Related to Risk Management**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks that have been published in Official Gazette no. 29511 on October 23, 2015 and became effective as of March 31, 2016. According to Communiqué must be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

**Bank's Risk Management Approach**

Risks for all banking processes and related sub-processes are identified and risk values are defined. In order to evaluate the effectiveness of the defined risk-based controls, the risk values are now automatically calculated and the changes are monitored continuously. The Bank focuses on lending in the corporate and SME segments, operates within the limits set for market risk, and cannot carry operational risk appetite in order to minimize operational risk. The bank's risk profile and business model are integrated under the risk appetite policy. Accordingly, the Bank must proceed in line with the limits set in the business model.

The structure and organization of the risk management system in terms of the function and responsibilities of the Risk Management Group depends on the Board of Directors. Loyalty to the Board of Directors takes place through the Audit Committee. Risk Management conducts its activities under the supervision of the Audit Committee within the framework of the provisions of the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" published by BRSA. Risk management considers credit, market, interest rate, concentration, liquidity risks and operational risks in their works as the basic principle to establish the limits of these risks and control processes. The Bank has established a stress-test-driven management by taking into account the changes in the market, as well as the maximum amount of loss that may arise in Credit Risk, Operational Risk, Market Risk and other risks within the scope of internal capital management.

Policies, procedures, workflows and similar documents published by internal systems and all other departments are in a common portal accessible to all bank employees, and changes made to existing documents or newly published documents are provided to employees via e-mail. There are many policies and procedures including Credit Policy, Risk Management Policies (Risk Appetite Policy, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk, Country and Counterparty Risks etc.) assessed and reviewed annually.

The Risk Management Department inform the Board of Directors and top management by monthly basis reports on credit risk, market risk, and operational risk areas. Credit risk concentration (borrower/group, business line, sector, maturity, currency, collateral etc.), analyses on the defaulting loan portfolio and stress tests, and analyses of capital adequacy; internal and legal market risk limits and compliance with operational risk losses. Apart from this, with the PD analysis reports made in the field of Credit Risk for 3 months, various breakdowns are analysed based on the number of defaults in which the borrower has the default rate. In addition, the report of the Audit Committee, which is prepared for 3 months, includes analyses on all risk types (capital adequacy, limits on market and liquidity risk, defaulting loan portfolio, sectoral information, credit concentration, risks related to information technology, etc.).

The Bank reduces the risks arising from the credit activity as determined by the process and policies it has established. The main instrument used in risk mitigation is collateral, and the collaterals obtained by the collateralization policy are managed by the Credits and Risk Management divisions such as portfolio, customer, collateral type, etc. and monitored regularly.

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**VII. Explanations Related to Risk Management (continued)****a. Overview of Risk Weighted Assets**

		RWA		Minimum capital requirements
		MARCH 31, 2021	December 31, 2020	March 31, 2020
1	Credit risk (excluding counterparty credit risk) (CCR)	2,831,408	2,362,686	297,298
2	Of which standardized approach (SA)	2,831,408	2,362,686	297,298
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	18	195,537	2
5	Of which standardized approach for counterparty credit risk (SA-CCR)	18	195,537	2
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	2,172	4,165	228
17	Of which standardized approach (SA)	2,172	4,165	228
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	240,562	300,386	25,259
20	Of which Basic Indicator Approach	240,562	300,386	25,259
21	Of which Standardized Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>3,074,160</b>	<b>2,862,774</b>	<b>322,787</b>

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**VII. Explanations Related to Risk Management (continued)**

Risk management strategies and practices are defined as follows: The Bank's Risk Management Group was established in 2001 as an independent unit which reports to the Member of Audit Committee have been responsible for the Audit, Internal Control and Risk Management.

Risk management is committed to control processes in order to determine the limits and measurement of operational risks, including the risks comprising of credit, market, interest rate, concentration, counterparty, liquidity, banking accounts and IT risks.

Objective of risk policies: In line with "Regulation on Internal Systems of Banks (published in the Official Gazette dated July 11, 2014 numbered 29057)", sustaining the Bank's operations in accordance with the Banks' strategic plans, mission, targets, profitability and productivity principles by determining Bank's risk strategy and maximum risk level in line with the volume, qualification and complexity of the Bank's operations by taking into consideration the Bank's past experience and performance. Moreover, ensuring to conserve the interests of depositors and the Bank's shareholder's interest at a maximum level.

Risk management regularly reports to Senior Management and the Audit Committee all the risks the bank is exposed to and concentrations, and the Bank's own internal limits of the legal limits are monitored daily, weekly, monthly and quarterly. These reports consist of VAR analysis, market risk limits, stress testing and scenario analysis, liquidity and interest rate, economic capital and capital adequacy analysis. These reports (daily value at risk (VAR) analysis, weekly interest rate risk, market risk limits and contains the calculation of economic capital) are also presented to Asset-Liability Management Committee on a weekly basis. Volatility and closing values of many market risk instruments are closely monitored and reported on a daily basis.

Quarterly stress tests and scenario analyses on economic capital, capital adequacy, liquidity and profitability scenarios and credit risk on Bank's loan portfolio including benchmark of similar banks are presented to the Audit Committee. Management follows the Bank's performance and the limits by using these detailed reports.

The Bank has a system set reporting in accordance with the legislation and the standard shock method for measuring and evaluating the interest rate risk arising from on-balance sheet and off-balance sheet positions in the banking accounts by using the standard shock method. The Regulation on Measurement and Evaluation and the Regulation on Credit Risk Mitigation Techniques is intended to be reported based on risk classes according to the procedures described. In addition, the liquidity coverage ratio calculated under Basel III is calculated using a separate reporting system and it is aimed to measure and monitor the balance between the Bank's net cash outflows and high quality liquid assets and total and foreign currency liquidity coverage ratios.

Risk Management Group calculates Basel II capital adequacy calculation systematically, namely Credit Risk, Market Risk and Operational Risk, in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Bank's" published in the Official Gazette dated October 23, 2015, numbered 29511.

From January 1, 2014 equity and the capital adequacy ratio of the Bank is calculated in accordance with the "Change in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 29511, dated October 23, 2015 and "Regulation on Equities of Banks" published in the Official Gazette no.28756, dated September 5, 2013.

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**VII. Explanations Related to Risk Management (continued)**

The Bank updated its disclosures in accordance with the “Change in the Communique on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof” published in the Official Gazette no.28983, dated April 26, 2014 and in accordance with “Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in the Official Gazette no.29599, dated January 20, 2016.

At the Bank, by considering Regulation on the Internal Systems of Banks published in the Official Gazette No. 29057 dated July 11, 2014, banking processes and policies were revised. Consequently, related procedures/policies are updated/formed and then approved by the Board of Directors.

In order to manage operational risks that the Bank is exposed to more effectively and form an integrated risk management point of view, Operational Risk Policy and IT Continuity Plan was updated, Data Management Procedure was formed. In order to define, measure, limit and report market risk the Bank is exposed to, Market Risk Policy is formed. When the Bank manages its treasury securities portfolio within the limits determined by the Board of Directors, Risk Management Group checks whether Treasury Department is within these risk limits.

Liquidity Risk is the risk that the Bank cannot fulfil its payment obligations fully and on time due to its insufficient cash inflow or due to inadequate available cash resulting from the mismatch between cash inflows and outflows. In order to define, measure, follow, report the liquidity risk the Bank is exposed to and take necessary actions for the results, Liquidity Risk Policy is formed. When Liquidity Risk Policy is formed, to manage the net liquidity position and liquidity requirement on an ongoing and forward-looking basis is aimed at.

Concentration risk is the risk within credit risk that is exposed according to individual debtor and debtor groups, to debtor groups that indicate similar characteristics in terms of economic and regional sector qualities, on the basis of the assets subject to the collateral securities that show similar price pattern behaviour; the risk that is to be considered also within the scope of the market risk and operational risk. In order to define, measure, follow and manage the concentration risk the Bank is exposed to, Concentration Risk Policy is formed. Concentration limits are monitored in compliance with the credit, deposit and related policies.

Counterparty credit risk refers to the default risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings an obligation to both sides. In order to define measure, follow and manage the counterparty credit risk the Bank is exposed to Counterparty Credit Risk Policy is formed. Counterparty credit risk management is conducted by the Financial Institutions Department of the Bank by taking into account the counterparty’s financial reports, general overview, rating, current and expected transaction volumes with T-Bank. The limits for counterparties are determined by the Board of Directors.

"Banking Book" includes all Assets and Liabilities (including credit) except trading securities portfolio. In order to define, measure, follow, report the interest rate risk related to banking book risk the Bank is exposed to and take necessary actions for the results, interest rate risk policy related to banking book is formed. Interest rate risk is managed by senior management in order to avoid losses from adverse interest rate movements.

Regarding internal assessment process (ISEDES / ICAAD) which aims at the Bank has capital requirement according to its risk profile, Internal Capital Management Procedure is formed. Within internal capital management scope, the Bank has established a stress test based management by taking into account the estimated maximum loss amount that may occur in credit, operational, market and other risks as well as the changes in the market.

In order to ensure that the Bank’s term deposit structure is in line with the Bank’s strategies and budget targets and is in a robust and sustainable structure, Deposit Policy is formed. Policies and systems in order to define, measure and follow the concentration risk of the Bank’s deposit is also explained in Deposit Policy.

Organization and structure of Risk Management Group: Risk Management Group work under the Board of Directors as their functions and responsibilities. The connection with the Board of Directors and Risk Management Group is provided through the Audit Committee.

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**VII. Explanations Related to Risk Management (continued)**

Risk Reporting and Scope and Nature of Measurement Systems: Limits and market risk reports are presented daily basis by the Risk Management Group, value at Risk report (ALCO), ECAP stress test, scenario analysis, Duration Gap primary shock, the market data and limit reports are presented a weekly basis to Assets-Liability Committee. On a quarterly basis, the rest of the reports and other works are reported to Audit Committee and Board of Directors.

Hedging Risk and Process of Risk Mitigation Policies and Process Related to Control Their Effectiveness Continuously: Bank carries out risk mitigation processes and risk hedging for credit risk in accordance with credit risk policies.

Risks related to market risk are measured and monitored in accordance with application procedures and policies. In this respect, the Board of Directors allocates the limits. Limits are monitored, reported, in the event of any limit exceed it is reported to relevant committees and units through documentation by electronic mail. In addition, information about limits on use and loan segment concentration is presented to Audit Committee and the Board of Directors quarterly.

**Internal Loan Rating System**

		<b>Internal Rating Grade</b>	<b>March 31, 2021</b>	<b>(%)</b>	<b>December 31, 2020</b>	<b>(%)</b>
High	Risk rating class 1	A+ Excellent	1,501	0.11	10,001	0.75
	Risk rating class 2	A- Excellent	27,140	1.92	11,245	0.84
Good	Risk rating class 3	B+ Very Good	125,035	8.85	148,721	11.14
	Risk rating class 4	B- Very Good	168,974	11.96	172,345	12.91
Standard	Risk rating class 5	C+ Good	365,640	25.89	293,919	22.02
	Risk rating class 6	C- Good	295,990	20.96	292,249	21.90
Substandard	Risk rating class 7	D+ Ordinary	138,188	9.78	69,440	5.20
	Risk rating class 8	D- Ordinary	180,297	12.76	206,692	15.49
	Risk rating class 9	E Bad	109,397	7.74	129,334	9.69
	Risk rating class 10	F Very Bad	-	-	-	-
Unrated			465	0.03	539	0.04
<b>Total</b>			<b>1,412,627</b>	<b>100.00</b>	<b>1,334,485</b>	<b>100.00</b>

The Bank uses three main factors for internal credit rating system. These are financial data, non-financial data and specialist decisions. Financial data consist of liquidity, financial structure, profitability, growth ratios and turnover rate. Non-financial data consist of loan client business, relation with finance sector and sector analysis. The Bank measures the credit rating of companies by making comparisons regarding the financial data and non-financial data.

In the existing rating system, the collateral assigned to loans are not taken into account in the rating. The information about customers with F, E and D- rating is shown below.

**“F” rating;**

There are no clients with “F” rating (December 31, 2020: None).

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**VII. Explanations Related to Risk Management (continued)**

**Internal Loan Rating System (continued)**

**“E” rating;**

Number of clients with “E” rating is 5 and total outstanding risk is TRY 109,397 (December 31, 2020: TRY 129,334; 9 clients). 46% of these clients are granted against customer check/note with outstanding risk of TRY 50,436 (December 31, 2020: TRY 2,103; 2%). 5% of these clients are loan against assignment with outstanding risk of TRY 5,980. (December 31, 2020: TRY 12,178; 9%)

**“D-” rating;**

Number of clients with D- rating is 13 and total outstanding risk is TRY 180,297 (December 31, 2020 : TRY 206,692; 8 clients). 52% of these clients granted loan against customer check/note with outstanding risk of TRY 93,186 (December 31, 2020: TRY 25,014; 12%). 15% of these clients granted loan against vehicle pledge with outstanding risk of TRY 27,890 (December 31, 2020: TRY 28,498; 14%).

There is no financial assets at fair value through profit and loss whose terms have been renegotiated.

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**SECTION FIVE****EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Disclosures Related to the Assets****1. a) Information on Cash and Balances with the Central Bank of Turkey:**

	March 31, 2021		December 31, 2020	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	4,732	35,345	4,870	40,234
Balances with the Central Bank of Turkey	52,924	222,946	39,199	233,168
<b>Total</b>	<b>57,656</b>	<b>258,291</b>	<b>44,069</b>	<b>273,402</b>

**b) Information related to the account of the Central Bank of Turkey:**

	March 31, 2021		December 31, 2020	
	TRY	FC	TRY	FC
Unrestricted demand deposits	51,389	3,159	38,570	2,726
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Reserve deposits	1,535	219,787	629	230,442
<b>Total</b>	<b>52,924</b>	<b>222,946</b>	<b>39,199</b>	<b>233,168</b>

**c) Explanations related to reserve deposits:**

According to the "Communiqué on Amendments to be made on Communiqué on Required Reserves" of Central Bank of the Republic of Turkey numbered 2011/11 and 2011/13 reserve deposit rates applied to TRY and FC liabilities has changed. The current required reserve rates as of the date of approval of the financial statements are as follows:

FC reserve deposits rates:

FX demand deposits, notice deposits and FX private current accounts, FX deposits/FX participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities	FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/ FX participation accounts	FX Special fund pools	FX liabilities up to 1-year maturity (including 1-year)	FX liabilities 1-2 year maturity (including 2-year)	FX liabilities 2-3 year maturity (including 3-year)	Other liabilities up to 3-5 year maturity (including 5-year)	Other liabilities longer than 5 years
%19.0	%13.0	%22.0	%21.0	%16.0	%11.0	%7.0	%5.0

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**I. Explanations and Disclosures Related to the Assets (continued)**

**c) Explanations related to reserve deposits (continued):**

TRY reserve deposits rates:

Demand deposits, notice deposits and private current accounts	Deposits/participation accounts up to 1-month maturity (including 1-month)	Deposits/participation accounts up to 3-month maturity (including 3-month)	Deposits/participation accounts up to 6-month maturity (including 6-month)	Deposits/participation accounts up to 1-year maturity	Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	Other liabilities up to 1-year maturity (including 1-year)	Other liabilities up to 3-year maturity (including 3-year)	Other liabilities with longer 3-year maturity
%8.0	%8.0	%8.0	%6.0	%4.0	%3.0	%8.0	%5.5	%3.0

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

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None

The Bank does not have net book value of unrestricted financial assets at fair value through profit and loss (December 31, 2020: None).

b) Positive differences related to derivative financial assets held-for-trading: None

**3. a) Information on banks:**

	March 31, 2021		December 31, 2020	
	TRY	FC	TRY	FC
Banks				
Domestic	694	114	2,460	84
Foreign	-	263,514	-	327,459
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>694</b>	<b>263,628</b>	<b>2,460</b>	<b>327,543</b>



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**I. Explanations and Disclosures Related to the Assets (continued)**

**4. Information on fair value through the statement of other comprehensive income (FVTOCI) financial assets:**

a.1) Information on fair value through the statement of other comprehensive income (FVTOCI) financial assets as collateral or blocked: None.

a.2) Information on financial assets available for sale subject to repurchase agreements: None.

Net book value of financial assets measured at fair value through other comprehensive income is TRY 138 (December 31, 2020: unquoted stocks amounting TRY 138).

b) Information on financial assets available for sale portfolio:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Debt securities	9	8
Quoted on a stock exchange	-	-
Not quoted	9	8
Share certificates	138	138
Quoted on a stock exchange	-	-
Not quoted	138	138
Impairment provision (-)	-	-
<b>Total</b>	<b>147</b>	<b>146</b>

In line with the accounting policies of the Bank, all unquoted financial assets at fair value through other comprehensive income are recorded at fair value except for the Bank's investment of TRY 138 which is recorded investment at cost since its fair value cannot be reliably estimated (December 31, 2020: TRY 138).

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**I. Explanations and Disclosures Related to the Assets (continued)****5. Information on loans:**

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

	March 31, 2021		December 31, 2020	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	37	1,334	316	1,491
Corporate shareholders	37	1,334	316	1,491
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	750	7,204	-	5,568
Loans granted to employees	406	493	414	493
<b>Total</b>	<b>1,193</b>	<b>9,031</b>	<b>730</b>	<b>7,552</b>

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled	Other	Loans and Other Receivables	Restructured or Rescheduled	Other
Non-specialized loans	1,066,580	-	-	154,900	191,147	-
Business loans	448,284	-	-	152,076	191,147	-
Export loans	113,813	-	-	2,818	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	342,966	-	-	-	-	-
Foreign loans	-	-	-	-	-	-
Consumer loans	459	-	-	6	-	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	161,058	-	-	-	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>1,066,580</b>	<b>-</b>	<b>-</b>	<b>154,900</b>	<b>191,147</b>	<b>-</b>

Expected Credit Losses	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	14,332	-
Significant Increase in Credit Risk	-	63,093
<b>Total</b>	<b>14,332</b>	<b>63,093</b>

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**I. Explanations and Disclosures Related to the Assets (continued)****5. Information on loans (continued):**

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	875,721	-	81,791	4,275
Non-specialized Loans	875,721	-	81,791	4,275
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	190,859	-	73,109	186,872
Non-specialized Loans	190,859	-	73,109	186,872
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>1,066,580</b>	<b>-</b>	<b>154,900</b>	<b>191,147</b>

**Number of Changes for the Payment Plan**

Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
1 or 2 times extended	-	191,147
3, 4 or times extended	-	-
5 Over the extended	-	-
<b>Total</b>	<b>-</b>	<b>191,147</b>

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	-	33,240
6 – 12 Month	-	-
1 – 2 Year	-	-
2 – 5 Year	-	841
5 Years and Over	-	157,066
<b>Total</b>	<b>-</b>	<b>191,147</b>

As of March 31, 2021, , in accordance with “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be reserved” the Bank calculated no expected credit loss provision for standard loans and close monitoring loans that have changes in payment plan.(None)

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**I. Explanations and Disclosures Related to the Assets (continued)****5. Information on loans (continued):**

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TRY</b>	-	155	155
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	155	155
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TRY</b>	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
<b>Individual Credit Cards-FC</b>	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
<b>Personnel Loans-TRY</b>	33	142	175
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	33	142	175
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
<b>Personnel Credit Cards-FC</b>	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
<b>Overdraft Accounts-TRY (Real Persons) (*)</b>	135	-	135
<b>Overdraft Accounts-FC (Real Persons)</b>	-	-	-
<b>Total</b>	<b>168</b>	<b>297</b>	<b>465</b>

(\*) Overdraft Accounts includes TRY 135 personnel loans.

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**I. Explanations and Disclosures Related to the Assets (continued)****5. Information on loans (continued):**

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

	Short Term	Medium and Long Term	Total
<b>Commercial loans with instalment facility-TRY</b>	<b>2,904</b>	<b>271,750</b>	<b>274,654</b>
Business Loans	-	-	-
Car Loans	-	11,691	11,691
General Purpose Loans	2,904	260,059	262,963
Other	-	-	-
<b>Commercial loans with instalment facility - Indexed to FC</b>	-	<b>3,110</b>	<b>3,110</b>
Business Loans	-	-	-
Car Loans	-	639	639
General Purpose Loans	-	2,471	2,471
Other	-	-	-
<b>Commercial loans with instalment facility - FC</b>	-	<b>27,076</b>	<b>27,076</b>
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	27,076	27,076
Other	-	-	-
<b>Corporate Credit Cards-TRY</b>	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
<b>Corporate Credit Cards-FC</b>	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
<b>Overdraft Accounts-TRY (Legal Entities)</b>	-	-	-
<b>Overdraft Accounts-FC (Legal Entities)</b>	-	-	-
<b>Total</b>	<b>2,904</b>	<b>301,936</b>	<b>304,840</b>

f) Allocation of loans by customers

	March 31, 2021	December 31, 2020
Private	1,412,627	1,334,485
Public	-	-
<b>Total</b>	<b>1,412,627</b>	<b>1,334,485</b>

g) Domestic and foreign loans

	March 31, 2021	December 31, 2020
Domestic loans	1,412,627	1,334,485
Foreign loans	-	-
<b>Total</b>	<b>1,412,627</b>	<b>1,334,485</b>

h) Loans granted to subsidiaries and associates:

None.

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**I. Explanations and Disclosures Related to the Assets (continued)****5. Information on loans (continued):**

i) Expected credit losses for loans (Stage 3) :

	March 31, 2021	December 31, 2020
Expected Credit Losses		
Loans and Receivables with Limited Collectability	145	16
Loans and Receivables with Doubtful Collectability	18	90
Uncollectable Loans and Receivables	359,482	407,012
<b>Total</b>	<b>359,645</b>	<b>407,118</b>

j) Information on non-performing loans (Net):

j.1) Information on loans and other receivables included in non-performing loans, which are restructured or rescheduled:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>March 31, 2021</b>			
(Gross amount before provision) (*)	-	-	72,626
Restructured Loans and Other Receivables	-	-	72,626
Rescheduled Loans and Other Receivables	-	-	-
<b>December 31, 2020</b>			
(Gross amount before specific provision)(*)	-	-	67,974
Restructured Loans and Other Receivables	-	-	67,974
Rescheduled Loans and Other Receivables	-	-	-

(\*) As of March 31, 2021 total expected credit losses set aside for the loans and other receivables restructured or tied to redemption plan is TRY 16,393 (December 31, 2020: TRY 23,260).

j.2) The movement of non-performing loans:

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>December 31, 2020 Balance</b>	<b>16</b>	<b>92</b>	<b>842,538</b>
Additions (+)	280	-	17,416
Transfers from other categories of non-performing loans (+)	-	16	90
Transfers to other categories of non-performing loans (-)	(16)	(90)	-
Collections (-)	-	-	(93,064)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
<b>March 31, 2021 Balance</b>	<b>280</b>	<b>18</b>	<b>766,980</b>
Provision (-)	(145)	(18)	(359,482)
<b>Net Balances on Balance Sheet</b>	<b>135</b>	<b>-</b>	<b>407,498</b>

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

None.

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**I. Explanations and Disclosures Related to the Assets (continued)**

**5. Information on loans (continued):**

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>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>March 31, 2021</b>			
Loans to Real Persons and Legal Entities (Gross)	<b>280</b>	<b>18</b>	<b>766,980</b>
Provision (-)	(145)	(18)	(359,482)
Loans to Real Persons and Legal Entities (Net)	<b>135</b>	<b>-</b>	<b>407,498</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>December 31, 2020 (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	<b>16</b>	<b>92</b>	<b>842,538</b>
Specific provision (-)	(16)	(90)	(407,012)
Loans to Real Persons and Legal Entities (Net)	<b>-</b>	<b>2</b>	<b>435,526</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

j.5) Interest accruals and valuation differences calculated for non-performing loans with expected credit losses in accordance with TFRS 9 are as follows:

As of March 31, 2021, TRY 16,574 interest has been calculated for transfers to follow-up accounts in accordance with TFRS 9 (March 31, 2020: TRY 21,615).

k) Main principles of liquidation policies of non-performing loans and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree.

l) Explanations on write-off policy:

As of March 31, 2021, there is not any written-off assets due to the decision of the Board of Directors (December 31, 2020: None).

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**I. Explanations and Disclosures Related to the Assets (continued)****6. Financial assets at amortized cost:**

a.1) Information on financial assets at amortized cost investments given as collateral or blocked:

	March 31, 2021		December 31, 2020	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	9,951	-	19,656	-
Other	-	-	-	-
<b>Total</b>	<b>9,951</b>	<b>-</b>	<b>19,656</b>	<b>-</b>

As of March 31, 2021, collateral or blocked financial assets measured at amortised cost; Interbank balance is TRY 6,966 and Takasbank balance is TRY 2,985 (December 31, 2020: collateral or blocked financial assets measured at amortised cost; Interbank balance is TRY 16,552, Takasbank balance is TRY 3,104).

a.2) Financial assets measured at amortised cost subject to repurchase agreements:

	March 31, 2021	December 31, 2020
Share certificates	-	-
Bond, Treasury bill and similar securities	157,018	202
Other	-	-
<b>Total</b>	<b>157,018</b>	<b>202</b>

Financial assets at amortized cost amounting to TRY 166,332 are being held as unrestricted deposits (December 31, 2020: TRY 5).

b) Information on amortized financial assets:

	March 31, 2021	December 31, 2020
Government bonds	333,301	19,661
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>333,301</b>	<b>19,661</b>

c) Information on amortized financial assets:

	March 31, 2021		December 31, 2020	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	333,301	-	19,661	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
<b>Total</b>	<b>333,301</b>	<b>-</b>	<b>19,661</b>	<b>-</b>



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**I. Explanations and Disclosures Related to the Assets (continued)**

d) Movement of amortized financial assets:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Beginning balance	19,661	940,216
Foreign currency differences on monetary assets (*)	1,293	(422,712)
Purchases during year	312,347	910,094
Disposal through sales and redemptions (**)	-	(1,407,937)
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>333,301</b>	<b>19,661</b>

(\*) Interest income rediscount changes were shown in foreign currency differences on monetary assets line.

(\*\*) The Bank decided to sell, by making changes in business plan within the scope of information and approval the Board of Directors, all of the CPI indexed securities, measured at amortized cost, which is stated to be able to sell 15% of the balance sheet value in the business plan, due to the recent exceptional economic developments, new BRSA regulations and COVID-19 effects.

**7. Information on associates (Net):**

The Bank has 1.4925% participation in the Credit Guarantee Fund.

**8. Information on subsidiaries (Net):**

The Bank has no subsidiaries in the current period.

**9. Information on jointly controlled entities:**

The Bank has no jointly controlled entities in the current period.

**10. Information on lease receivables (Net):**

The Bank has no lease receivables in the current period.

**11. Information on derivative financial assets for hedging purposes:**

The Bank has no financial assets for hedging purposes in the current period.

**12. Information on tangible assets (Net):**

This footnote is 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" for the interim period financial statements.

**13. Information on intangible assets:**

This footnote is 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" for the interim period financial statements.

**14. Investment Property (Net):**

None.

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**I. Explanations and Disclosures Related to the Assets (continued)**

**15. Explanations on deferred tax assets:**

- a) As of March 31, 2021, deferred tax asset calculated on financial loss is TRY 38,242 (December 31, 2020: deferred tax asset calculated on financial loss is TRY 38,242). Deferred tax asset calculated on the other temporary differences is TRY 4,963 (December 31, 2020: deferred tax asset calculated on other temporary differences is TRY 4,963).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

**16. Information on assets held for sale and discontinued operations:**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>End of Current Period</b>		
Beginning of period	<b>179,054</b>	<b>184,212</b>
Acquisitions	82,774	90,085
Assets sold (Cost)	(23,254)	(93,419)
Impairment	582	(1,824)
<b>Net Book Value</b>	<b>239,156</b>	<b>179,054</b>

**17. Information on other assets:**

- a) Breakdown of other assets:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Assets to be Sold	138,613	130,336
Settlement Accounts	6,219	20,774
Prepaid Expenses	22,610	15,079
Cash Collateral Given	8,372	7,393
Other	12,244	14,460
<b>Total</b>	<b>188,058</b>	<b>188,042</b>

- b) Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None.

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**II. Explanations and Disclosures Related to the Liabilities****1. Information on maturity structure of deposits:****a.1) March 31, 2021:**

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	8,131	-	44,606	665,041	81,938	12,104	11,798	-	823,618
Foreign currency deposits	173,640	-	34,677	787,207	57,936	5,457	46,226	-	1,105,143
Residents in Turkey	157,674	-	33,715	769,845	52,893	3,771	4,213	-	1,022,111
Residents abroad	15,966	-	962	17,362	5,043	1,686	42,013	-	83,032
Public sector deposits	1,233	-	-	-	-	-	-	-	1,233
Commercial deposits	74,646	-	66,900	157,622	474	-	1,073	-	300,715
Other institutions deposits	248	-	1,934	4,044	-	712	-	-	6,938
Precious metals deposits	-	-	-	-	-	-	-	-	-
Bank deposits	1,185	-	-	-	-	-	-	-	1,185
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	230	-	-	-	-	-	-	-	230
Foreign Banks	955	-	-	-	-	-	-	-	955
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>259,083</b>	<b>-</b>	<b>148,117</b>	<b>1,613,914</b>	<b>140,348</b>	<b>18,273</b>	<b>59,097</b>	<b>-</b>	<b>2,238,832</b>

**a.2) December 31, 2020:**

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	9,461	-	53,672	677,854	94,863	10,450	11,115	-	857,415
Foreign currency deposits	158,346	-	48,754	847,516	46,695	4,836	41,793	-	1,147,940
Residents in Turkey	154,279	-	48,754	830,417	30,247	3,247	4,002	-	1,070,946
Residents abroad	4,067	-	-	17,099	16,448	1,589	37,791	-	76,994
Public sector deposits	1,006	-	-	-	-	-	-	-	1,006
Commercial deposits	27,796	-	80,782	156,086	497	-	1,046	-	266,207
Other institutions deposits	495	-	1,730	3,408	-	684	-	-	6,317
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	1,113	-	-	-	-	-	-	-	1,113
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	171	-	-	-	-	-	-	-	171
Foreign Banks	942	-	-	-	-	-	-	-	942
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>198,217</b>	<b>-</b>	<b>184,938</b>	<b>1,684,864</b>	<b>142,055</b>	<b>15,970</b>	<b>53,954</b>	<b>-</b>	<b>2,279,998</b>

**b.1) Information on saving deposits under the guarantee of saving deposits insurance:****i. Information on saving deposits:**

Saving Deposits	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Saving deposits	248,183	250,568	563,222	598,277
Foreign currency saving deposits	96,113	96,113	565,092	643,903
Other deposits in the form of saving deposits	635	540	8,217	6,216
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>344,931</b>	<b>347,221</b>	<b>1,136,531</b>	<b>1,248,396</b>

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**II. Explanations and Disclosures Related to the Liabilities (continued)****1. Information on maturity structure of deposits (continued):**

- ii. Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of saving deposit insurance:

	March 31, 2021	December 31, 2020
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	3,918	3,057
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for offshore banking activities	-	-

**2. Information on derivative financial liabilities:**

- a) Negative differences table related to derivative financial liabilities held-for-trading:

	March 31, 2021		December 31, 2020	
	TRY	FC	TRY	FC
Forward Transactions	-	-	-	-
Swap Transactions	672	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>672</b>	<b>-</b>	<b>-</b>	<b>-</b>

**3. Information on borrowings:**

- a) Information on banks and other financial institutions:

	March 31, 2021		December 31, 2020	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	1	-	262	-
From Foreign Banks, Institutions and Funds	-	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>262</b>	<b>-</b>

- b) Maturity analysis of borrowings:

	March 31, 2021		December 31, 2020	
	TRY	FC	TRY	FC
Short-term	1	-	262	-
Medium and long-term	-	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>262</b>	<b>-</b>

- c) Additional explanations related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by customer deposits and domestic borrowings. 12% of bank deposits and 49% of other deposits are denominated in foreign currencies.

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**4. Information on funds provided from repurchase agreement transactions:**

As of 31 March 2021, the Bank has funds provided from repurchase agreement transactions amounting to TL 157,784. (31 December 2020: None).

**5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:**

None.

**6. Explanations on lease obligations (Net):**

- a) The general explanations on criteria used in determining instalments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, instalments are based on useful life, usage periods and provisions of the Tax Procedural Code.

- b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In 2021, operational lease expenses amounting to TRY 1,405 have been recorded in the profit and loss accounts. The lease periods vary between 5 and 10 years (December 31, 2020: TRY 7,175).

- c) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

**7. Information on derivative financial liabilities for hedging purposes:**

None.

**8. Information on provisions:**

- a) Information on general provisions: None.
- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (December 31, 2020: None.)
- c) The specific provisions of TRY 92,777 were provided for unindemnified non-cash loans. (December 31, 2020: TRY 97,481)
- d) Information on employee termination benefits and unused vacation accrual:

The Bank has calculated the reserve for employee termination benefits by using actuarial valuation methods as set out in the TAS No: 19 and reflected this in the financial statements.

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

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

d) Information on employee termination benefits and unused vacation accrual (continued):

d.1) Table of provision for employee of benefits:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Employee termination benefit provision	11,369	11,371
Unused vacation provision	3,857	3,042
<b>Total of provision for employee benefits</b>	<b>15,226</b>	<b>14,413</b>

In accordance with TAS 19 “Turkish Accounting Standard on Employee Benefits”; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement. According to communique numbered 28585 dated March 12, 2013 published in Turkish Trade Registry Gazette, as per TAS 19 actuarial gain that is recorded under shareholders’ equity amounting to TRY 562 as of March 31, 2021 (December 31, 2020: TRY 225 gain).

e) Information on other provisions:

e.1) Provisions for possible losses: None.

e.2) The breakdown of the sub accounts if other provisions exceed 10% of the grand total of provisions:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Provisions provided for unindemnified noncash loans	92,777	97,481
Other provisions (*)	34,773	32,655
<b>Total</b>	<b>127,550</b>	<b>130,136</b>

(\*) Other provisions include TRY 438 of bonus provisions, TRY 9,036 of litigation provisions, TRY 10,119 of non-litigation provisions and TRY 15,180 of other provisions. (December 31, 2020: TRY 438 of bonus provisions, TRY 9,064 of litigation provisions, TRY 10,413 of non-litigation provisions, TRY 12,740 of other provisions).

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**9. Explanations on taxes payable:**

a.1) Information on current tax liability:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Current Period Tax Payable	-	-
Prepaid Tax	(1,973)	(1,417)
<b>Total</b>	<b>(1,973)</b>	<b>(1,417)</b>

a.2) Explanations on taxes payable:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
BITT	1,327	924
Taxation on Securities	1,227	1,098
Payroll Tax	1,990	1,259
Property Tax	345	301
Value Added Tax Payable	776	827
Stamp Tax	63	40
Corporate Tax Payable	-	-
Other	167	212
<b>Total</b>	<b>5,895</b>	<b>4,661</b>

a.3) Information on premiums:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Social Security Premiums-Employer	892	775
Social Security Premiums-Employee	562	488
Bank Social Aid Pension Fund Premium-Employer	75	65
Bank Social Aid Pension Fund Premium-Employee	38	32
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	-	-
Unemployment Insurance-Employer	-	-
Other	-	-
<b>Total</b>	<b>1,567</b>	<b>1,360</b>

b) Explanations on deferred tax liabilities, if any: None.

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**10. Information on Shareholders' Equity:**

a) Presentation of Paid-in capital:

As of March 31, 2021 the nominal value of the Bank's capital is amounting to TRY 1 Billion and consists of 10,000 million shares

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Common stock (*)	1,000,000	1,000,000
Preferred stock	-	-

(\*) Nominal Capital

- b) The Bank does not apply registered share capital system.
- c) Information on share capital increases' their sources and other information on increased capital shares in the current period: Explained in a) section.
- d) Information on share capital increases from revaluation funds in the current period: None.
- 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: None.
- 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:

Prior year income, profitability and liquidity of the Bank is closely monitored by the Financial Reporting Department and reported to the Board of Directors, Asset and Liability Committee. Risk Management tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares: None.
- h) Information on marketable securities value increase fund: None.



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**III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments****1. Information on off-balance sheet liabilities:**

a) Nature and amount of irrevocable loan commitments:

	March 31, 2021	December 31, 2020
Loan granting commitments	1,240	1,333
Payment commitments for checks	18,649	18,286
Forward asset purchase and sales commitments	19,448	4,468
Other irrevocable commitments	-	-
<b>Total</b>	<b>39,337</b>	<b>24,087</b>

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

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit

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

	March 31, 2021	December 31, 2020
Bank acceptance loans	-	-
Letters of credit	89,383	45,744
Other guarantees and collaterals	918,046	718,912
<b>Total</b>	<b>1,007,429</b>	<b>764,656</b>

b.2) Guarantees, suretyships, and similar transactions:

	March 31, 2021	December 31, 2020
Definite letter of guarantees	416,588	446,688
Temporary letter of guarantees	9,623	12,014
Other letter of guarantees	76,544	85,274
<b>Total</b>	<b>502,755</b>	<b>543,976</b>

c) Total amount of non-cash loans:

	March 31, 2021	December 31, 2020
Non-cash loans given against achieving cash loans	16,032	16,032
With maturity of 1 year or less than 1 year	50	50
With maturity of more than 1 year	15,982	15,982
Other non-cash loans	1,494,152	1,292,600
<b>Total</b>	<b>1,510,184</b>	<b>1,308,632</b>

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**IV. Explanations and Disclosures Related to the Statement of Income****1. a) Information on interest on loans:**

	March 31, 2021		March 31, 2020	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	31,580	2,708	24,705	2,253
Medium and long term loans	12,626	1,621	8,934	4,672
Interest on non-performing loans	18,456	-	22,091	-
<b>Total</b>	<b>62,662</b>	<b>4,329</b>	<b>55,730</b>	<b>6,925</b>

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

**b) Information on interest received from banks:**

	March 31, 2021		March 31, 2020	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	2,852	-	705	2
Foreign banks	-	44	-	948
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>2,852</b>	<b>44</b>	<b>705</b>	<b>950</b>

**c) Interest received from marketable securities portfolio:**

	March 31, 2021		March 31, 2020	
	TRY	FC	TRY	FC
Assets available for sale	-	-	-	-
Assets held to maturity	-	-	-	-
Trading financial assets	-	-	-	-
Financial assets at fair value through profit and loss	-	-	83	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	1,865	-	13,885	-
<b>Total</b>	<b>1,865</b>	<b>-</b>	<b>13,968</b>	<b>-</b>

**d) Information on interest income received from associates and subsidiaries: None.**

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**IV. Explanations and Disclosures Related to the Statement of Income (continued)****2. a) Information on interest on funds borrowed:**

Interest on funds borrowed (*)	March 31, 2021		March 31, 2020	
	TRY	FC	TRY	FC
Banks	2	-	185	-
The Central Bank of Turkey	-	-	-	-
Domestic banks	2	-	185	-
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>185</b>	<b>-</b>

(\*) Includes fees and commission expenses for borrowings.

**b) Information on interest expense to associates and subsidiaries:** None.**c) Information on interest expense to marketable securities issued:** None.**d) Distribution of interest expense on deposits based on maturity of deposits:**

Account Name	March 31, 2021						Accumulating Deposits	Total
	Time Deposits							
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TRY</b>								
Bank deposits	-	-	-	-	-	-	-	-
Saving deposits	-	2,216	27,508	4,315	452	355	-	34,846
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	2,780	7,130	19	-	27	-	9,956
Other deposits	-	42	187	-	-	-	-	229
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,038</b>	<b>34,825</b>	<b>4,334</b>	<b>452</b>	<b>382</b>	<b>-</b>	<b>45,031</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	180	3,625	170	24	9	-	4,008
Bank deposits	-	-	57	-	-	-	-	57
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>180</b>	<b>3,682</b>	<b>170</b>	<b>24</b>	<b>9</b>	<b>-</b>	<b>4,065</b>
<b>Grand Total</b>	<b>-</b>	<b>5,218</b>	<b>38,507</b>	<b>4,504</b>	<b>476</b>	<b>391</b>	<b>-</b>	<b>49,096</b>

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**IV. Explanations and Disclosures Related to the Statement of Income (continued)****d) Distribution of interest expense on deposits based on maturity of deposits (continued):**

Account Name	March 31, 2020							Accumulating Deposits	Total
	Time Deposits								
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
<b>TRY</b>									
Bank deposits	-	-	-	-	-	-	-	-	-
Saving deposits	-	762	25,599	2,337	635	683	-	-	<b>30,016</b>
Public sector deposits	-	-	-	-	-	-	-	-	-
Commercial deposits	-	1,092	4,694	393	12	94	-	-	<b>6,285</b>
Other deposits	-	28	447	55	-	-	-	-	<b>530</b>
7 days call accounts	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,882</b>	<b>30,740</b>	<b>2,785</b>	<b>647</b>	<b>777</b>	<b>-</b>	<b>-</b>	<b>36,831</b>
<b>Foreign Currency</b>									
Foreign currency deposits	-	186	4,487	264	71	12	-	-	<b>5,020</b>
Bank deposits	-	-	48	-	-	-	-	-	<b>48</b>
7 days call accounts	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>186</b>	<b>4,535</b>	<b>264</b>	<b>71</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>5,068</b>
<b>Grand Total</b>	<b>-</b>	<b>2,068</b>	<b>35,275</b>	<b>3,049</b>	<b>718</b>	<b>789</b>	<b>-</b>	<b>-</b>	<b>41,899</b>

**3. Information on Dividend Income:** As of March 31, 2021 the dividend income: None (March 31, 2020: None).

**4. Information on net trading income:**

	March 31, 2021	March 31, 2020
<b>Income</b>	<b>32,466</b>	<b>67,997</b>
Gains on capital market operations	-	1,380
Gains on derivative financial instruments	2,241	20,246
Foreign exchange gains	30,225	46,371
<b>Losses (-)</b>	<b>(32,636)</b>	<b>(73,877)</b>
Losses on capital market operations	-	(2,995)
Losses on derivative financial instruments	(1,388)	(3,388)
Foreign exchange losses	(31,248)	(67,494)
<b>Total</b>	<b>(170)</b>	<b>(5,880)</b>

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**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

**5. Information on other operating income:**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Cancelled provisions for assets held for sale	8,706	7,702
Income of previous year	7,649	517
Income from sales of assets	2,878	2,453
Provisions for communication expense collected from customers	21	29
Provisions for expenditure collected from customers	-	1
Other	3,064	3,344
<b>Total</b>	<b>22,318</b>	<b>14,046</b>

**6. Provision for impairment of loans and other receivables:**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Expected Credit Losses	(63,992)	(58,674)
<i>12 Month ECL (Stage 1)</i>	<i>1,928</i>	<i>(3,907)</i>
<i>Lifetime ECL Significant Increase in Credit Risk (Stage 2)</i>	<i>(13,381)</i>	<i>5,709</i>
<i>Lifetime ECL Impaired Credits (Stage 3)</i>	<i>(52,539)</i>	<i>(60,476)</i>
Impairment Losses on Securities	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint-ventures</i>	-	-
Other	-	-
<b>Total</b>	<b>(63,992)</b>	<b>(58,674)</b>

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**IV. Explanations and Disclosures Related to the Statement of Income (continued)****7. Information on other operating expenses:**

	March 31, 2021	March 31, 2020
Provision for employee termination benefits	-	-
Taxes and duties	1,302	4,238
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	5,497	5,609
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Depreciation expenses of intangible assets	922	777
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	37	489
Depreciation expenses of assets to be disposed	34	7
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	10,555	9,631
Rent expenses	-	16
Maintenance expenses	3,922	3,224
Advertisement expenses	311	113
Other expenses (*)	6,322	6,278
Loss on sales of assets	7,657	2,893
Other (**)	5,085	3,310
<b>Total</b>	<b>31,089</b>	<b>26,954</b>

(\*) Included in other operating expenses; vehicle expenses are TRY 667, communication expenses are TRY 960, heating-lightening expenses are TRY 387, stationery expenses are TRY 88, cleaning expenses are TRY 190, non-deductible expenses are TRY 37, computer usage expenses are TRY 1,140, subcontractor company expenses are TRY 1,034, expertise expenses are TRY 240, common expenses are TRY 311, insurance expenses are TRY 408, representation expenses are TRY 252, other expenses are TRY 608 (March 31, 2020; vehicle expenses are TRY 861, communication expenses are TRY 1,109, heating-lightening expenses are TRY 492, stationery expenses are TRY 87, cleaning expenses are TRY 256, non-deductible expenses are TRY 48, computer usage expenses are TRY 899, subcontractor company expenses are TRY 946, expertise expenses are TRY 135, common expenses are TRY 361, insurance expenses are TRY 345, representation expenses are TRY 313 and other expenses are TRY 426).

(\*\*) Included in other assurance and financial consultancy expenses are TRY 4,290, Saving Deposit Insurance Fund is TRY 795 (March 31, 2020; assurance and financial consultancy expenses are TRY 799, Saving Deposit Insurance Fund is TRY 997, other expenses are TRY 1,514).

**TURKLAND BANK ANONİM ŞİRKETİ**  
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**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

**8. Information on tax provision for continued and discontinued operations:**

As of March 31, 2021 the Bank has no current tax expense (March 31, 2020: None). As of March 31, 2021 the bank has no deferred tax expense (March 31, 2020: None).

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Profit before tax</b>	<b>60,990</b>	<b>60,324</b>
Tax calculated 20%	(12,198)	(13,271)
Deferred tax adjustment due to financial loss	12,207	13,282
Disallowable and exemptions, net	(9)	(11)
<b>Tax Calculated</b>	<b>-</b>	<b>-</b>

(\*) As of 31 March 2020, calculated tax rate is 22%.

**9. The explanations on net income / loss for the period:**

a) The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period: None.

b) Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.

c) Profit or loss attributable to minority shares: None.

**TURKLAND BANK ANONİM ŞİRKETİ**  
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**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

**10. 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:**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Other fees and commissions received</b>		
Expertise fees collected from customers	212	108
Transfer commissions	39	19
Insurance commission	51	33
Cheque expenses	-	10
Safe deposit box commissions	6	5
Information expenses	-	55
Bill of credit commissions	-	4
Letter of credit commissions	5	1
Credit card commissions and fees	1	3
Collection item commissions	-	-
Other banking operations income (*)	92	373
<b>Total</b>	<b>406</b>	<b>611</b>

(\*) Other banking operations income includes accounts such as bank operations income, collection expenses, loan expenses.

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Other fees and commissions given</b>		
Commissions given to banks	190	190
EFT commissions	37	47
Bond exchange transaction fee	32	12
Transfer commissions	9	25
Settlement and custody commission	27	24
Credit card commissions	19	14
ATM commission	1	2
Other	169	30
<b>Total</b>	<b>484</b>	<b>344</b>



**TURKLAND BANK ANONİM ŞİRKETİ**  
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**V. Explanations on the Risk Group of the Bank****1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:****a) March 31, 2021:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at beginning of period	-	-	316	1,491	-	5,568
Balance at end of period	-	-	37	1,334	750	7,204
Interest and commission income	-	-	-	-	67	12

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contain foreign bank accounts amounting to TRY 37.

**b) December 31, 2020:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at beginning of period	-	-	11,993	25,007	-	-
Balance at end of period	-	-	316	1,491	-	5,568
Interest and commission income (*)	-	-	-	-	547	-

(\*) Interest income and commission income are interest income for March 2020 respectively.

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains foreign bank accounts amounting to TRY 316.

**c.1) Information on related party deposits balances:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
<b>Deposits</b>						
Balance at beginning of period	-	-	942	3,543	2,356	8
Balance at end of period	-	-	955	942	2,214	2,356
Interest on deposits (*)	-	-	-	-	48	-

(\*) Deposit interest expense is the interest expense for March 2020 period respectively.

In addition, the Bank has no "Funds Borrowed" used from risk group of the Bank (December 31, 2020: None) and there is no interest expense was incurred from funds borrowed in 2020 (March 31, 2020: None).

**c.2) Information on forward and option agreements and other similar agreements made with related parties: None.****d) As of March 31, 2021, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 3,730 (March 31, 2020: TRY 1,298).**

**TURKLAND BANK ANONİM ŞİRKETİ**  
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**V. Explanations on the Risk Group of the Bank (continued)**

**2. Disclosures for related parties:**

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various commercial transactions with related parties.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	<b>Amount</b>	<b>% Compared to the Amounts in the Financial Statements</b>
Banks and other receivables	37	0.01
Borrowings	750	0.05
Non-cash loans	8,538	0.56
Deposits	3,169	0.14

These transactions are priced in accordance with the general pricing policies of the Bank.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in disclosure.b).
- d) Transactions accounted under the equity method: None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.23%. Details of these loans are explained in 1a above.

**VI. Explanations and disclosures related to subsequent events**

According to article 37 of the Corporate Tax Law, corporate income is taxed at the rate of 20% from January 1, 2006. According to regulation of Law Amending Certain Tax Laws and Certain Other Laws numbered 7316 this ratio has been identified at the rate of 25% to be applied to corporate income for the taxation periods of 2021 and 23% for taxation period of 2022 and The Council of Ministers has been authorized to reduce this rate up to 20%.

**TURKLAND BANK ANONİM ŞİRKETİ**  
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**SECTION SIX**

**INDEPENDENT AUDITOR’S REVIEW REPORT**

**I. Explanations on the Independent Auditor’s Review Report:**

The unconsolidated financial statements of the Bank for the period ended March 31, 2021 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Deloitte Touche Tohmatsu Limited).

The independent auditor’s limited review report dated May 10, 2021 is presented preceding the unconsolidated financial statements

**II. Other Footnotes and Explanations Prepared by Independent Auditors: None.**

**TURKLAND BANK ANONİM ŞİRKETİ**  
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**SECTION SEVEN (\*)**

**INFORMATION ON INTERIM ACTIVITY REPORT**

**Chairman's and General Manager's Message**

Dear Shareholders ;

We continued to experience the effects of the pandemic process that entered our lives in 2020 this year as well. Although we enter 2021 with uncertainties, positive developments in the COVID-19 vaccine give hope for the future. The acceleration of vaccination in the world and in Turkey has also affected economic expectations positively.

With our prudent policies and healthy balance sheet management, despite the negative effects of Covid-19, our Bank's total assets were TRY 3.2 billion, net loans TRY 2.2 billion and deposits TRY 2.3 billion. In the first quarter of 2021, our Bank announced a net profit of TRY 61 million and our Bank's capital adequacy ratio was 17.92%. In addition to positive statement, we did not anticipate a serious risk on the problematic loans in this difficult period.

Our strategy for the future is to carefully manage the risk portfolio and expand our customer network in promising industries. Furthermore, we will also continue to strive to increase the commercial finance business by investing in the advanced network of our shareholders in the MENA region.

Finally, on behalf of T-Bank management, we thank our customers for their continued trust, our shareholders for their strong support and all our employees for their devoted work.

Despite all the negative effects of the COVID-19 pandemic; our bank announced a net profit of TRY 61 million in the 3 months period of 2021. As of March 31, 2021, our Bank's total assets were TRY 3.23 billion, net loans TRY 2.18 billion and deposits TRY 2.24 billion.

**Changes in the Articles of Association during the period:**

None.

**Assessment of Financial Position:**

In the first quarter period of 2021; assets of Turkland Bank A.Ş. reached TRY 3,227 million, loans reached TRY 1,743 million, guarantee and bills are TRY 1,510 million.

In the first quarter of 2021, securities portfolio reached TRY 333 million.

In the first quarter of 2021, deposit volume reached TRY 2,239 million.

In the first quarter of 2020, the Bank's net profit was TRY 60 million and in the first quarter of 2021 net profit was TRY 61 million.

**Credit risk and capital adequacy**

As of March 31, 2021 capital adequacy ratio of the Bank is 17.92% and above legal requirement which is 8%.

Non-performing loans in total loan portfolio is 35.20% and provision for non-performing loans is 46.87%.

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**Information on Interim Activity Report (continued)**

**Summary Financial Highlights**

Thousand TRY	March 31, 2021	December 31, 2020
Total Assets	3,226,870	3,067,706
Loans (net)	1,743,117	1,681,078
Loans (gross)	2,179,905	2,177,131
Marketable Securities (Net)	333,384	19,787
Banks/Money Market Placements	305,379	579,069
Deposits	2,238,832	2,279,998
Borrowings	1	262
Equity	542,318	480,991
Commitments and Contingencies	1,510,184	1,308,632

Thousand TRY	March 31, 2021	December 31, 2020
Net Interest Income	26,116	34,401
Net Commission Income	5,002	6,257
Profit Before Taxes	60,990	60,324
Net Profit	60,990	60,324

**Summary Financial Ratios (%)**

	March 31, 2021	December 31, 2020
Capital Adequacy Ratio	17.92	17.36
Loans/Deposits	77.86	73.73
Loans/Total Assets	54.02	54.80
Liquid Assets/Total Assets	10.81	20.44
Non-performing Loans (net)/Total Loans (net)	23.39	25.91
Non-performing Loans (gross)/Total Loans (gross)	35.20	38.70
Non-performing Loans (net)/Total Assets	12.63	14.20
Expected Credit Losses/Non-performing Loans	46.87	48.31

**Turkland Bank at the end of the first quarter of 2021**

T-Bank is presented in one of Turkey's leading financial and industrial centres with its 14 branch offices and a staff of 298 employees.

Determined to be a solution partner for its customers, T-Bank focuses on raising the quality of its services and products within the framework of its sustainable growth strategy. Thus, the Bank increases its satisfaction and loyalty rate every day and aims to provide its customers with a unique banking experience.

T-Bank manages to transform its effective and broad correspondent bank network in the Middle Eastern and North African region of its main shareholders into a competitive edge. The Bank also seeks to establish long-term relationships with banks that will add value to its services and further strengthen its financial structure.

(\*) Amounts presented in Section Seven are expressed in thousands of Turkish Lira (TRY) unless otherwise stated.