

KUVEYT TRK KATILIM BANKASI A.Ş.

Unconsolidated Financial Statements and Notes for The Period Ended 1 January – 30 June 2022 with Independent Auditor’s Review Report

*(Convenience translation of unconsolidated financial statements and independent auditor’s
report originally issued in Turkish)*

(Convenience translation of the auditor's report originally issued in Turkish - See Note I of Section Three)

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Kuveyt Türk Katılım Bankası A.Ş.

Introduction

We have reviewed the unconsolidated statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. (the “Bank”) at June 30, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated of interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency(“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by BRSA Legislation; together referred as “BRSA Accounting and Financial Reporting Legislation”. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of the Bank at June 30, 2022, and the results of its operations and its unconsolidated cash flows for the six-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VIII, are not consistent, in all material respects, with the reviewed unconsolidated financial statements and disclosures.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Fatma Ebru Yücel, SMMM
Partner

9 August 2022
İstanbul, Turkey

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**THE UNCONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE SIX-MONTH PERIOD THEN ENDED 30 JUNE 2022**

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The unconsolidated interim financial report for the six-month period prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- General Information About the Bank
- Unconsolidated Financial Statements of The Bank
- Explanations on Accounting Policies Applied In The Period
- Information on Financial Structure and Risk Management of The Bank
- Disclosures and Explanations On Unconsolidated Financial Statements
- Other Explanations
- Independent Auditors' Limited Review Report
- Interim Activity Report

The unconsolidated financial statements for the six-month period and related disclosures and footnotes that are subject to independent review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of Turkish Lira.

Hamad Abdulmohsen AL-MARZOUQ

Chairman of the Board of Directors

Shadi Ahmed Yacoub
ZAHARAN

Chairman of the Audit
Committee

Nadir ALPASLAN

Member of the Audit Committee

Mohamed Hedi MEJAI
Member of the Audit
Committee

Ufuk UYAN
General Manager

Ahmet KARACA
Chief Financial Officer

Mehmed Tahir KAPLAN
Budget and Reporting Group
Manager

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

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KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

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

SECTION ONE

GENERAL INFORMATION

1. History of the Bank including its incorporation date, initial legal status and amendments to legal status:

Kuveyt Türk Katılım Bankası A.Ş. (“The Bank”) was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank’s equity, to collect funds from domestic and foreign customers through “Current Accounts” and “Profit/ Loss Sharing Accounts” and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

2. Shareholding structure, shareholders jointly or individually having direct or indirect control over the management and supervision of the Bank and the disclosures on any related changes in the current period, if any, and information about the Group that the Bank belongs to:

As of 30 June 2022, 62.24% of the Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

3. Explanations regarding the chairman and the members of board of directors, audit committee members, general manager and assistant general managers and their shares in the bank:

Name	Title	Date of Assignment	Date of Audit Committee Assignments	Audit Committee End Date	Educational Degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Head of the BOD	25/06/2014			Master	-
Shadi Ahmed Yacoub ZAHARAN	Member of BOD and chairman of the Audit Committee	25/09/2020	04/11/2020		Master	-
Nadir ALPASLAN	Vice President of BOD and member of Audit Committee	15/04/2011	24/12/2019		Bachelor	-
Salah A E AL MUDHAF	Member of BOD	07/10/2019			Bachelor	-
Burhan ERSOY	Member of BOD	18/06/2020			Bachelor	-
Mohamad Hedi MEJAL	Member of BOD and Audit Committee	25/03/2021	04/05/2021		Master	-
Ahmad S A A AL KHARJİ	Member of BOD	26/03/2014	24/09/2014	09/09/2020	Master	-
Gehad Mohamed Elbendary ANANY	Member of BOD	25/09/2020	09/09/2020	04/11/2020	Bachelor	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999			Master	0.057%
Ahmet KARACA	Assistant General Manager, Financial Control.	12/07/2006			Master	0.001%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003			Bachelor	-
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003			Bachelor	0.004%
İrfan YILMAZ	Assistant General Manager, Banking Services	27/10/2005			Bachelor	0.017%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Treasury and International Banking.	05/05/2005			Doctorate	0.008%
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010			Bachelor	0.001%
Aslan DEMİR	Assistant General Manager, Strategy	08/10/2012			Bachelor	0.006%
Mehmet ORAL	Assistant General Manager, Retail Banking	01/10/2012			Bachelor	0.005%
Abdurrahman DELİPOYRAZ	Assistant General Manager, SME Banking	09/01/2015			Bachelor	0.005%
Hüseyin Cevdet YILMAZ	Head of the Risk, Control and Compliance Group	16/12/2003			Bachelor	0.001%

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.10% of the Bank’s share capital (31 December 2021 – 0.10%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

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

4. Information on qualified shareholders

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	2,863,098	62.24%	2,863,098	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	861,086	18.72%	861,086	-
Total	3,724,184	80.96%	3,724,184	-

As of 30 June 2022, the shares of parent shareholder of Bank, Kuwait Finance House (“KFH”) are 51.95% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

5. Explanations of the Bank’s services and field of operations

The Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Bank’s core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts, and lending such funds to its customers.

As of 30 June 2022, the Bank is operating through 449 domestic branches (31 December 2021 – 442) with 6,092 employees (31 December 2021 – 6,133). Summary of some of the Bank’s operations described in the Articles of Association are as follows:

- To collect funds through “Current Accounts” and “Profit/Loss Sharing Accounts” and special fund pools in line with the regulations,
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking,
- To offer financial and operational leasing,
- To handle all kinds of deposits and payments, including travelers’ checks, credit cards and other payment instruments, provide member business services (POS), consulting, advisory, and safe deposit box services;
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking,
- To purchase, acquire and construct any kind of real estate and if necessary lease or transfer ownership to other persons,
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies),
- To provide socially purposed assistance within the scope of the legislation within the principles of the The Bank for the order and benefit of the society.

The Bank’s activities are not limited to the list above. If another transaction is decided to be beneficial to the Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association.

6. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Bank and its subsidiaries:

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

1. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

			Reviewed Current Period 30.06.2022			Audited Prior Period 31.12.2021		
			TL	FC	Total	TL	FC	Total
	ASSETS	Note						
I.	FINANCIAL ASSETS (Net)		34,044,220	119,270,638	153,314,858	23,975,789	101,993,815	125,969,604
1.1	Cash and Cash Equivalents		4,393,163	88,280,844	92,674,007	5,403,971	74,571,274	79,975,245
1.1.1	Cash and Balances with Central Bank	(5.1.1.)	4,226,297	64,256,299	68,482,596	5,384,058	60,071,258	65,455,316
1.1.2	Banks	(5.1.3.)	16,548	24,031,764	24,048,312	20,571	14,502,373	14,522,944
1.1.3	Money Market Placements		151,206	-	151,206	-	-	-
1.1.4	Expected Credit Loss (-)		888	7,219	8,107	658	2,357	3,015
1.2	Financial Assets at Fair Value Through Profit or Loss		3,319,694	14,439,693	17,759,387	1,233,834	10,951,814	12,185,648
1.2.1	Government Debt Securities		434,782	13,886,100	14,320,882	395,925	10,639,682	11,035,607
1.2.2	Equity Instruments		-	-	-	-	-	-
1.2.3	Other Financial Assets		2,884,912	553,593	3,438,505	837,909	312,132	1,150,041
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4.)	25,811,136	16,133,163	41,944,299	16,287,493	15,877,864	32,165,357
1.3.1	Government Debt Securities		25,793,502	15,839,059	41,632,561	16,083,932	15,622,265	31,706,197
1.3.2	Equity Instruments		7,629	85,890	93,519	7,602	75,285	82,887
1.3.3	Other Financial Assets		10,005	208,214	218,219	195,959	180,314	376,273
1.4	Derivative Financial Assets		520,227	416,938	937,165	1,050,491	592,863	1,643,354
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.2.)	520,227	416,938	937,165	1,050,491	592,863	1,643,354
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.11.)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)	(5.1.5.)	85,915,476	79,410,896	165,326,372	57,550,517	62,034,113	119,584,630
2.1	Loans		86,722,769	63,001,486	149,724,255	59,228,283	52,212,308	111,440,591
2.2	Leasing Receivables	(5.1.10.)	5,249,936	12,347,914	17,597,850	3,238,260	8,687,675	11,925,935
2.3	Financial Assets Measured At Amortized Cost	(5.1.6.)	-	9,149,671	9,149,671	-	4,798,614	4,798,614
2.3.1	Government Debt Securities		-	9,149,671	9,149,671	-	4,798,614	4,798,614
2.3.2	Other Financial Assets		-	-	-	-	-	-
2.4	Expected Credit Loss (-)		6,057,229	5,088,175	11,145,404	4,916,026	3,664,484	8,580,510
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(Net)	(5.1.16.)	136,999	-	136,999	240,891	-	240,891
3.1	Held For Sale		136,999	-	136,999	240,891	-	240,891
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		1,481,015	-	1,481,015	1,481,015	-	1,481,015
4.1	Investments in Associates (Net)	(5.1.7.)	-	-	-	-	-	-
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	Investment in Subsidiaries (Net)	(5.1.8.)	1,461,015	-	1,461,015	1,461,015	-	1,461,015
4.2.1	Unconsolidated Financial Subsidiaries		1,437,335	-	1,437,335	1,437,335	-	1,437,335
4.2.2	Unconsolidated Non-Financial Subsidiaries		23,680	-	23,680	23,680	-	23,680
4.3	Investment in Joint Ventures (Net)	(5.1.9.)	20,000	-	20,000	20,000	-	20,000
4.3.1	Joint Ventures Valued Based on Equity Method		20,000	-	20,000	20,000	-	20,000
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(5.1.12.)	1,372,101	1,683	1,373,784	1,221,027	1,571	1,222,598
VI.	INTANGIBLE ASSETS (Net)	(5.1.13.)	282,751	43	282,794	248,173	14	248,187
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		282,751	43	282,794	248,173	14	248,187
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14.)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS		-	-	-	-	-	-
IX.	DEFERRED TAX ASSETS	(5.1.15.)	636,253	-	636,253	1,713,575	-	1,713,575
X.	OTHER ASSETS	(5.1.17.)	4,342,205	2,660,113	7,002,318	1,321,031	2,286,729	3,607,760
	TOTAL ASSETS		128,211,020	201,343,373	329,554,393	87,752,018	166,316,242	254,068,260

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

1. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

			Reviewed Current Period 30.06.2022			Audited Prior Period 31.12.2021		
			TL	FC	Total	TL	FC	Total
	LIABILITIES	Note						
I.	FUNDS COLLECTED	(5.2.1.)	92,976,702	182,529,732	275,506,434	57,295,682	154,809,707	212,105,389
II.	FUNDS BORROWED	(5.2.3.)	2,405,737	5,347,726	7,753,463	4,795,462	3,526,512	8,321,974
III.	MONEY MARKETS		203,000	-	203,000	6,495,137	-	6,495,137
IV.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES		149,523	727,101	876,624	192,898	65,015	257,913
6.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	149,523	727,101	876,624	192,898	65,015	257,913
6.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.6.)	-	-	-	-	-	-
VII.	LEASE PAYABLES	(5.2.5.)	426,782	11,907	438,689	342,556	9,819	352,375
VIII.	PROVISIONS	(5.2.7.)	1,919,401	1,310,483	3,229,884	1,443,840	998,535	2,442,375
8.1	Restructuring Provision		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		735,000	22,615	757,615	570,937	1,367	572,304
8.3	Insurance For Technical Provision (Net)		-	-	-	-	-	-
8.4	Other Provisions		1,184,401	1,287,868	2,472,269	872,903	997,168	1,870,071
IX.	CURRENT TAX LIABILITIES	(5.2.8.1.)	2,106,877	-	2,106,877	1,158,997	-	1,158,997
X.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.2.9.)	-	-	-	-	-	-
11.1	Held For Sale		-	-	-	-	-	-
11.2	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(5.2.10.)	-	10,167,480	10,167,480	-	8,100,496	8,100,496
12.1	Loans		-	-	-	-	-	-
12.2	Other Debt Instruments		-	10,167,480	10,167,480	-	8,100,496	8,100,496
XIII.	OTHER LIABILITIES	(5.2.4.)	5,226,432	3,187,946	8,414,378	1,843,584	2,533,167	4,376,751
XIV.	SHAREHOLDERS' EQUITY	(5.2.11.)	21,297,342	(439,778)	20,857,564	10,531,507	(74,654)	10,456,853
14.1	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2	Capital Reserves		25,124	-	25,124	25,124	-	25,124
14.2.1	Share Premiums		23,250	-	23,250	23,250	-	23,250
14.2.2	Share Cancellation Profits		1,874	-	1,874	1,874	-	1,874
14.2.3	Other Capital Reserves		-	-	-	-	-	-
14.3	Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(48,855)	-	(48,855)	(52,112)	-	(52,112)
14.4	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		5,242,819	(439,778)	4,803,041	49,331	(74,654)	(25,323)
14.5	Profit Reserves		5,611,131	-	5,611,131	3,359,858	-	3,359,858
14.5.1	Legal Reserves		505,957	-	505,957	355,870	-	355,870
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		4,872,338	-	4,872,338	2,936,850	-	2,936,850
14.5.4	Other Profit Reserves		232,836	-	232,836	67,138	-	67,138
14.6	Profit or Loss		5,871,992	-	5,871,992	2,554,175	-	2,554,175
14.6.1	Retained Earnings		50,406	-	50,406	52,448	-	52,448
14.6.2	Current Period's Net Profit / Loss		5,821,586	-	5,821,586	2,501,727	-	2,501,727
14.7	Minority Shares	(5.2.12.)	-	-	-	-	-	-
	TOTAL LIABILITIES		126,711,796	202,842,597	329,554,393	84,099,663	169,968,597	254,068,260

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 30 JUNE 2022

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

2. STATEMENT OF OFF-BALANCE SHEET ITEMS

		Note	Reviewed Current Period 30.06.2022			Audited Prior Period 31.12.2021		
			TL	FC	Total	TL	FC	Total
A.	COMMITMENTS AND CONTINGENCIES (I+II+III)		91,219,476	122,273,127	213,492,603	70,491,068	83,837,236	154,328,304
I.	GUARANTEES AND WARRANTIES	(5.3.1.)	13,376,818	11,932,681	25,309,499	8,925,813	8,467,832	17,393,645
1.1.	Letters of Guarantee		12,016,944	5,420,202	17,437,146	8,069,532	3,777,053	11,846,585
1.1.1.	Guarantees Subject to State Tender Law		465,518	19,421	484,939	267,372	19,827	287,199
1.1.2.	Guarantees Given For Foreign Trade Operations		626,222	53,683	679,905	445,301	49,329	494,630
1.1.3.	Other Letters of Guarantee		10,925,204	5,347,098	16,272,302	7,356,859	3,707,897	11,064,756
1.2.	Bank Loans		6,724	131,263	137,987	1,044	112,639	113,683
1.2.1.	Import Letter of Acceptances		6,724	131,263	137,987	1,044	112,639	113,683
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		3,986	6,164,220	6,168,206	13,942	4,507,178	4,521,120
1.3.1.	Documentary Letters of Credit		3,350	2,813,513	2,816,863	-	1,979,005	1,979,005
1.3.2.	Other Letters of Credit		636	3,350,707	3,351,343	13,942	2,528,173	2,542,115
1.4.	Guaranteed Refinancing		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		1,349,164	216,996	1,566,160	841,295	70,962	912,257
1.7.	Other Warranties		-	-	-	-	-	-
II.	COMMITMENTS	(5.3.1.)	64,750,647	7,976,711	72,727,358	58,403,340	4,958,958	63,362,298
2.1.	Irrevocable Commitments		13,265,890	7,976,711	21,242,601	9,395,400	4,958,958	14,354,358
2.1.1.	Forward Asset Purchase and Sales Commitments		1,032,261	7,976,711	9,008,972	1,340,797	4,958,958	6,299,755
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3.	Loan Granting Commitments		1,587,240	-	1,587,240	1,007,332	-	1,007,332
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments For Reserve Deposits Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitments For Checks		2,303,816	-	2,303,816	1,750,116	-	1,750,116
2.1.7.	Tax and Fund Liabilities From Export Commitments		-	-	-	-	-	-
2.1.8.	Commitments For Credit Card Expenditure Limits		8,324,816	-	8,324,816	5,278,441	-	5,278,441
2.1.9.	Commitments For Credit Cards and Banking Services Promotions		-	-	-	957	-	957
2.1.10.	Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11.	Payables For Short Sale Commitments		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		17,757	-	17,757	17,757	-	17,757
2.2.	Revocable Commitments		51,484,757	-	51,484,757	49,007,940	-	49,007,940
2.2.1.	Revocable Loan Granting Commitments		51,484,757	-	51,484,757	49,007,940	-	49,007,940
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2.)	13,092,011	102,363,735	115,455,746	3,161,915	70,410,446	73,572,361
3.1.	Derivative Financial Instruments Held For Risk Management		-	-	-	-	-	-
3.1.1.	Fair Value Hedges		-	-	-	-	-	-
3.1.2.	Cash Flow Hedges		-	-	-	-	-	-
3.1.3.	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2.	Held For Trading Transactions		13,092,011	102,363,735	115,455,746	3,161,915	70,410,446	73,572,361
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		2,472,429	3,827,225	6,299,654	2,116,860	3,507,510	5,624,370
3.2.1.1.	Forward Foreign Currency Buy Transactions		1,946,839	1,237,253	3,184,092	1,426,726	1,522,070	2,948,796
3.2.1.2.	Forward Foreign Currency Sell Transactions		525,590	2,589,972	3,115,562	690,134	1,985,440	2,675,574
3.2.2.	Other Forward Buy/Sell Transactions		10,619,582	98,536,510	109,156,092	1,045,055	66,902,936	67,947,991
3.3.	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		990,607,578	429,675,785	1,420,283,363	667,226,247	348,895,558	1,016,121,805
IV.	ITEMS HELD IN CUSTODY		28,001,184	38,535,786	66,536,970	20,834,179	34,556,759	55,390,938
4.1.	Customers' Securities Held		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		5,704,193	4,145,048	9,849,241	5,719,656	4,866,680	10,586,336
4.3.	Checks Received for Collection		19,912,771	3,163,035	23,075,806	13,271,444	2,766,870	16,038,314
4.4.	Commercial Notes Received for Collection		2,384,220	847,445	3,231,665	1,843,079	545,230	2,388,309
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		-	30,380,258	30,380,258	-	26,377,979	26,377,979
V.	PLEDGED ITEMS		962,594,755	390,944,741	1,353,539,496	646,380,429	314,183,181	960,563,610
5.1.	Marketable Securities		3,348,239	152,854	3,501,093	401,159	-	401,159
5.2.	Guarantee Notes		101,097	6,724,339	6,825,436	101,097	5,361,650	5,462,747
5.3.	Commodity		32,488,977	1,522,928	34,011,905	22,137,974	669,993	22,807,967
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		227,775,564	7,902,737	235,678,301	165,337,287	6,452,977	171,790,264
5.6.	Other Pledged Items		698,880,878	374,641,883	1,073,522,761	458,402,912	301,698,561	760,101,473
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED GUARANTEES AND WARRANTIES		11,639	195,258	206,897	11,639	155,618	167,257
	TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		1,081,827,054	551,948,912	1,633,775,966	737,717,315	432,732,794	1,170,450,109

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 30 JUNE 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

3. STATEMENT OF PROFIT OR LOSS (INCOME STATEMENT)

			Reviewed Current Period 01.01.2022- 30.06.2022	Reviewed Current Period 01.04.2022- 30.06.2022	Reviewed Prior Period 01.01.2021- 30.06.2021	Reviewed Prior Period 01.04.2021- 30.06.2021
	INCOME AND EXPENSE ITEMS	Note				
I.	PROFIT SHARE INCOME	(5.4.1.)	14,061,110	8,343,339	5,788,139	2,963,783
1.1.	Profit Share on Loans		7,779,889	4,452,535	3,776,421	1,979,911
1.2.	Profit Share on Reserve Deposits		96,729	16,104	83,965	55,385
1.3.	Profit Share on Banks		76,164	13,507	48,077	28,608
1.4.	Profit Share on Money Market Placements		-	-	-	-
1.5.	Profit Share on Marketable Securities Portfolio		5,442,145	3,473,433	1,595,529	728,765
1.5.1.	Fair Value Through Profit or Loss		258,513	119,585	114,873	46,772
1.5.2.	Fair Value Through Other Comprehensive Income		4,930,873	3,190,292	1,432,985	653,748
1.5.3.	Measured at Amortised Cost		252,759	163,556	47,671	28,245
1.6.	Finance Lease Income		635,311	376,139	237,251	130,447
1.7.	Other Profit Share Income		30,872	11,621	46,896	40,667
II.	PROFIT SHARE EXPENSE		4,568,163	2,652,223	2,343,365	1,272,060
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	3,717,506	2,238,414	1,441,871	821,537
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	743,018	387,976	608,874	333,368
2.3.	Profit Share Expense on Money Market Borrowings		70,982	6,615	267,905	104,703
2.4.	Expense on Securities Issued		-	-	-	-
2.5.	Profit Share Expense on Lease		36,657	19,218	24,715	12,452
2.6.	Other Profit Share Expense		-	-	-	-
III.	NET PROFIT SHARE INCOME (I - II)		9,492,947	5,691,116	3,444,774	1,691,723
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		482,292	358,475	255,775	131,541
4.1.	Fees And Commissions Received		1,020,002	588,441	473,355	249,100
4.1.1.	Non-Cash Loans		91,904	50,693	68,132	34,290
4.1.2.	Other	(5.4.13.)	928,098	537,748	405,223	214,810
4.2.	Fees And Commissions Paid		537,710	229,966	217,580	117,559
4.2.1.	Non-Cash Loans		372	368	10	5
4.2.2.	Other	(5.4.13.)	537,338	229,598	217,570	117,554
V.	DIVIDEND INCOME	(5.4.3.)	799	799	5,843	5,087
VI.	NET TRADING INCOME / LOSS	(5.4.5.)	2,422,754	1,497,688	7,145	(40,233)
6.1.	Capital Market Transaction Gains/Losses		226,773	176,200	55,244	25,800
6.2.	Gains/Losses From Derivative Financial Instruments		655,781	288,007	980,226	(291,537)
6.3.	Foreign Exchange Gains/Losses		1,540,200	1,033,481	(1,028,325)	225,504
VII.	OTHER OPERATING INCOME	(5.4.6.)	838,206	403,124	737,629	289,594
VIII.	GROSS OPERATING INCOME / LOSS (III+IV+V+VI+VII+VIII)		13,236,998	7,951,202	4,451,166	2,077,712
IX.	EXPECTED LOSS PROVISIONS (-)	(5.4.7.)	3,194,669	1,200,302	1,709,142	659,533
X.	OTHER PROVISIONS (-)	(5.4.7.)	324,375	140,030	36,631	(13,628)
XI.	PERSONNEL EXPENSES (-)	(5.4.8.)	1,288,004	626,632	697,281	327,110
XII.	OTHER OPERATING EXPENSES (-)	(5.4.8.)	1,131,643	612,728	679,135	350,816
XIII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)		7,298,307	5,371,510	1,328,977	753,881
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI.	INCOME / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)	(5.4.9.)	7,298,307	5,371,510	1,328,977	753,881
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(5.4.10)	(1,476,721)	(1,014,644)	(299,158)	(183,309)
18.1.	Current Tax Provision		2,010,796	2,052,387	528,304	172,645
18.2.	Deferred Tax Expense Effect (+)		1,210,007	400,758	20,366	-
18.3.	Deferred Tax Income Effect (-)		1,744,082	1,438,501	249,512	(10,664)
XIX.	CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(5.4.11.)	5,821,586	4,356,866	1,029,819	570,572
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1.	Income on Non-Current Assets Held For Sale		-	-	-	-
20.2.	Income on Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
20.3.	Income on Other Discontinued Operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1.	Expenses From Non-Current Assets Held For Sale		-	-	-	-
21.2.	Expenses From Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
21.3.	Expenses From Other Discontinued Operations		-	-	-	-
XXII.	PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1.	Current Tax Provision		-	-	-	-
23.2.	Deferred Tax Expense Effect (+)		-	-	-	-
23.3.	Deferred Tax Income Effect (-)		-	-	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXV.	NET PROFIT/LOSS (XVII+XXII)	(5.4.12.)	5,821,586	4,356,866	1,029,819	570,572
25.1.	Group's Income/Loss		5,821,586	4,356,866	1,029,819	570,572
25.2.	Minority Interest Income/Loss (-)		-	-	-	-
	Earnings Per Share Income/Loss		-	-	-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME AS OF 30 June 2022

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

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed Current Period 30.06.2022	Reviewed Prior Period 30.06.2021
I.	CURRENT PROFIT/LOSS	5,821,586	1,029,819
II.	OTHER COMPREHENSIVE INCOME	4,831,621	(116,812)
2.1	Other Comprehensive Income Not Reclassified Through Profit Or Loss	3,257	-
2.1.1	Property And Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit Or Loss	-	-
2.1.5	Taxes Related to Other Comprehensive Income Items Not Reclassified Through Profit or Loss	3,257	-
2.2	Other Comprehensive Income Reclassified Through Profit Or Loss	4,828,364	(116,812)
2.2.1	Foreign Currency Translation Difference	-	-
2.2.2	Valuation And/Or Reclassification Income/Expense of the Financial Assets At Fair Value Through Other Comprehensive Income	6,440,977	(153,759)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Taxes Related Other Comprehensive Income Items Reclassified Through Profit Or Loss	(1,612,613)	36,947
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	10,653,207	913,007

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 JUNE 2022

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

5. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

							Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss								
		Notes	Paid-in Capital	Share Premiums	Share cancellation profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Retained Earnings	Net Profit/Loss for the Period	Total Shareholders' Equity Less Minority Shares	Minority Shares)	Total Shareholders' Equity
	Prior Period (01/01/2021 – 30/06/2021)																	
I.	Prior Period Ending Balance		4,595,131	23,250	1,874	-	-	(51,258)	-	-	3,225	-	1,970,146	52,448	1,400,281	7,995,097	-	7,995,097
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect Of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		4,595,131	23,250	1,874	-	-	(51,258)	-	-	3,225	-	1,970,146	52,448	1,400,281	7,995,097	-	7,995,097
IV.	Total Comprehensive Income (Loss)		-	-	-	-	-	-	-	-	(116,812)	-	-	-	1,029,819	913,007	-	913,007
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase / Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	(719)	-	-	(719)	-	(719)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	1,391,149	-	(1,400,281)	(9,132)	-	(9,132)
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	(9,132)	-	(9,132)	-	(9,132)
11.2	Transfers To Legal Reserves		-	-	-	-	-	-	-	-	-	-	1,391,149	(1,391,149)	-	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	1,400,281	(1,400,281)	-	-	-
	Balances at end of the period (III+IV+.....+X+XI)	(5.2.11.)	4,595,131	23,250	1,874	-	-	(51,258)	-	-	(113,587)	-	3,360,576	52,448	1,029,819	8,898,253	-	8,898,253
	Current Period (01/01/2022 – 30/06/2022)																	
I.	Prior Period Ending Balance		4,595,131	23,250	1,874	-	-	(52,112)	-	-	(25,323)	-	3,359,858	52,448	2,501,727	10,456,853	-	10,456,853
II.	Corrections and Accounting Policy Changes Made According to TAS 8(*)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect Of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		4,595,131	23,250	1,874	-	-	(52,112)	-	-	(25,323)	-	3,359,858	52,448	2,501,727	10,456,853	-	10,456,853
IV.	Total Comprehensive Income (Loss)		-	-	-	-	-	3,257	-	-	4,828,364	-	-	-	5,821,586	10,653,207	-	10,653,207
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase / Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	(454)	(2,042)	-	(2,496)	-	(2,496)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	2,251,727	-	(2,501,727)	(250,000)	-	(250,000)
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	(250,000)	-	(250,000)	-	(250,000)
11.2	Transfers To Legal Reserves		-	-	-	-	-	-	-	-	-	-	2,251,727	(2,251,727)	-	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	2,501,727	(2,501,727)	-	-	-
	Balances at end of the period (III+IV+.....+X+XI)	(5.2.11.)	4,595,131	23,250	1,874	-	-	(48,855)	-	-	4,803,041	-	5,611,131	50,406	5,821,586	20,857,564	-	20,857,564

1.Accumulated Revaluation Increase / Decrease of Fixed Assets

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

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

4.Foreign Currency Transition Differences

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

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

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

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6. STATEMENT OF CASH FLOWS

		Note	Reviewed Current Period	Reviewed Prior Period
			01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Assets And Liabilities From Banking Operations		1,369,704	1,818,240
1.1.1	Profit Share Income Received		4,771,462	4,755,879
1.1.2	Profit Share Expense Paid		(3,489,909)	(2,309,659)
1.1.3	Dividends Received		799	5,843
1.1.4	Fees And Commissions Received		1,020,002	473,355
1.1.5	Other Income		1,288,400	428,611
1.1.6	Collections From Previously Written Off Loans		491,656	271,062
1.1.7	Payments to Personnel And Service Suppliers		(1,102,693)	(668,290)
1.1.8	Taxes Paid		(128,335)	(426,704)
1.1.9	Others		(1,481,678)	(711,857)
1.2	Changes in Assets And Liabilities From Banking Operations		(4,564,683)	11,942,133
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3,941,240)	962,970
1.2.2	Net (Increase) Decrease in Due From Banks And Other Financial Institutions		(7,374,453)	(2,255,211)
1.2.3	Net (Increase) Decrease in Loans		(36,063,827)	(10,890,877)
1.2.4	Net (Increase) Decrease in Other Assets		(1,036,374)	5,884,156
1.2.5	Net Increase (Decrease) in Bank Deposits		686,980	152,918
1.2.6	Net Increase (Decrease) in Other Deposits		42,537,439	13,262,878
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed		(2,367,655)	1,323,498
1.2.9	Net Increase (Decrease) in Due Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities		2,994,447	3,501,801
I.	Net Cash Provided From / (Used in) Banking Operations		(3,194,979)	13,760,373
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided From / (Used in) Investing Activities		(3,652,326)	(1,820,306)
2.1	Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.2	Cash Obtained From Sale of Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.3	Fixed Assets Purchases		(292,971)	(125,311)
2.4	Fixed Assets Sales		451,074	46,674
2.5	Cash Paid For Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(6,136,944)	(8,746,185)
2.6	Cash Obtained From Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4,488,971	3,374,014
2.7	Cash Paid For Purchase of Investment Securities		(7,334,592)	-
2.8	Cash Obtained From Sale of Investment Securities		5,214,706	3,675,988
2.9	Other		(42,570)	(45,486)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided From / (Used in) Financing Activities		(286,657)	(2,484,649)
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		-	(2,450,802)
3.4	Dividends Paid		(250,000)	(9,132)
3.5	Payments For Finance Leases		(36,657)	(24,715)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents		9,117,756	3,029,387
V.	Net Increase (Decrease) in Cash And Cash Equivalents		1,983,794	12,484,805
VI.	Cash And Cash Equivalents at The Beginning of The Period		43,693,233	11,971,283
VII.	Cash And Cash Equivalents at The End of The Period		45,677,027	24,456,088

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

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES IN THE RELATED PERIOD

1. Explanations on Basis of Presentation

1.1. The preparation of the financial statements and related notes and explanations in accordance with The Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents

The Bank prepares its financial statements in accordance with the “Regulation On The Procedures And Principles For Accounting Practices And Retention Of Documents By Banks” published in the Official Gazette dated 1 November 2006 with numbered 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Agency (“BRSA”) as well as the circulars and pronouncements published by the BRSA. For matters not regulated by the aforementioned legislations, the Bank prepares its financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, which comprises the terms of the Turkish Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

Additional paragraph for convenience translation

The differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

1.2. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, and the financial assets and liabilities at fair value through other comprehensive income that are measured at fair values.

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Bank management to make assumptions and estimates with respect to the assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates mainly consist of calculations of the fair values of financial instruments and the impairment on assets. The assumptions and estimates are reviewed regularly and, when necessary, appropriate corrections are made, and the effects of such corrections are reflected on the income statement.

COVID-19 pandemic, which has recently emerged in China, has spread to various countries in the world, causing potentially fatal respiratory infections, negatively effects both regional and global economic conditions, as well as it causes disruptions in operations, especially countries that are exposed to the epidemic. As a result of the spread of COVID-19 around the world, several measures are still being taken in our country as well as in the world in order to prevent the spread of the virus and measures are still being taken. In addition to the measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

Since it is aimed to update the most recent financial information in the financial statements prepared as of June 30, 2022, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in third section footnote numbered 1.5 “Explanations on Expected Credit Loss”. In the upcoming periods, the Bank will update its relevant assumptions are necessary and revise the realizations of past estimates.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of June 30, 2022, are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

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Since January 2022, the tension between Russia and Ukraine has turned into a crisis and a hot conflict. The Bank does not carry out any activity in the two countries that are subject to the crisis. Considering the geographies in which the Bank conducts its activities, the economic effects of the crisis are closely monitored by the Bank and are considered when preparing its financial statements using the best forecasting method.

1.3. Changes in accounting estimates, errors and classifications

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated. There were no significant changes in the accounting estimates of the Bank in the current year. Comparative information is rearranged when deemed necessary in order to comply with the presentation of the current period financial statements. The Bank has rearranged the prior period's statement of changes in shareholders' equity in order to comply with the presentation of the current period financial statements.

1.4. Preparation of the financial statements as regards to the current purchasing power of money

Until 31 December 2004, the financial statements of the Bank were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29"). As per the BRSA decision numbered 1623 and dated 21 April 2005 and the BRSA circular dated 28 April 2005 it was stated that the indicators for the application of inflation accounting were no longer applicable. Consequently, as of 1 January 2005, the inflation accounting has not been applied.

1.5. Disclosures regarding TFRS 9 financial instruments

TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. As of 1 January 2018, the application of TFRS 9 replaced "TAS 39: Financial Instruments: Recognition and Measurement." standard.

TFRS 9 also includes new principles for general hedge accounting which aims to harmonize hedge accounting with risk management applications. In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39.

All recognized financial assets that are within the scope of TFRS 9 are required to be initially 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 both by 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 profit share on the principal amount outstanding, are generally measured at Fair Value Through Other Comprehensive Income ("FVTOCI"). All other debt investments and equity investments 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 in other comprehensive income, with only dividend income generally recognized in profit or loss.

Dividends obtained from such investments are accounted in the financial statements as profit or loss unless they are evidently a part of the recoverable cost of investment.

As a result of the combination of contractual cash flow characteristics and business models, the differences in the classification of financial assets are reflected in the financial statements compared to the current classification in TAS 39.

During the first recognition of a financial asset into the financial statements, business model determined by the Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification and measurement of financial instruments

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent "solely payments of principal and profit share" (SPPI).

Upon initial recognition each financial asset shall be classified as either fair value through profit or loss ("FVTPL") amortized cost or fair value through other comprehensive income ("FVTOCI"). As for the classification and measurement of financial liabilities, the application of the existing terms of TAS 39 remain largely unchanged under TFRS 9.

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Explanations on expected credit loss

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

Modeling studies were carried out on the principal components of the Expected Loan Loss calculation and the default probability (PD) models were developed on various loan portfolios. Credit portfolios are determined according to customer segments that form the basis of banking activities. The cyclical default probabilities generated by these models developed for use in the Internal Rating Based Approach (IDD) are translated into the Instantaneous Default Probabilities and these instantaneous default probabilities are used when calculating the Expected Loan Loss on TFRS 9 Calculation on Default (LGD) calculation reflects the legal deduction rates and the Bank's past collection performance on unsecured loans. Default Amount (EAD) corresponds to the balance used in cash at the reporting date for cash loans, non-cash loans and balance after application of the loan to commitment risks.

Macroeconomic scenarios affect PD values. The expected credit loss amount is calculated by weighting 3 different scenarios as Base, Good and Bad scenarios. The probability of default of the debtors and the loss rates in default vary with each scenario.

The Bank has calculated the possible effects of the COVID-19 outbreak as of 30 June 2022 with the best estimate method, which it obtained on the principle of maximum effort to estimate and reasoning used in the calculation of expected credit losses. In the light of the aforementioned data, during the pandemic, the Bank revised its macroeconomic expectations in the calculation of expected credit loss, and the calculation made taking into account the change in PD with the update in the EDF model was reflected in the financial statements. By its nature, the model effects are reflected in the financial statements with a delay due to the occurrence of the events and their effects at different times. For this reason, the Bank is establishing additional provisions for the Wholesale and Retail Trade, Build, Construction, Contracting and Tourism sectors, whose PD is more sensitive to the current macroeconomic and geopolitical conjuncture among the sectors that are declining. The Bank maintains this approach as of June 30, 2022. When deemed necessary, the future will review these assumptions according to the course of the pandemic.

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

The Bank applies a ‘three-stage’ impairment model depending on the gradual increase in credit risk observed since initial recognition

Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. It is recognized 12-month expected credit losses for such financial assets.

Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized lifetime expected credit losses for such financial assets.

In this context, the basic considerations that are taken into account in determining the significant increase in the credit risk of a financial asset and its transfer to Phase 2 are, but are not limited to, the following.

- Delayed by more than 30 days as of the reporting date
- Restructuring
- Close Monitoring
- Evaluation of distortion in Rating Note

The definition of the deterioration in the rating is the comparison of the credit rating at the opening date and the rating date at the reporting date by using the Bank's internal rating-based credit rating models. If the rating calculated for the loan at the reporting date exceeds the specified threshold values, the rating is deemed as deterioration.

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Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. It is recognized lifetime expected credit losses for such financial assets.

The Bank periodically evaluates the provisions of loans and other receivables in accordance with TFRS 9 retrospectively on the basis of their results and, if deemed necessary, revises the basketing rules and the parameters used in the calculation of the related provision balances.

1.6 Revenue from TFRS 15 disclosures regarding the standard of revenue from customer contracts

TFRS 15 Revenue from Customer Contracts provides a single, comprehensive model and guidance on the recognition of revenue and is recorded in accordance with income with TFRS 15 Revenue from Customer Contracts

1.7 Explanations on TFRS 16 leases standard

The leasing transactions are presented by the lessor as assets (right-of-use assets) and liabilities from leasing transactions. TFRS 16 Standard eliminates the dual accounting model of leasing transactions on balance sheet and operational leasing transactions as direct expense except balance sheet.

Within the scope of TFRS 16, the Bank reflects the existence of a lease obligation and a right of use to the financial statements at the date of initial application. The Bank measures the leasing liability on the present value of the remaining lease payments, discounted at their present value using the alternative borrowing cost ratio at the date of initial application of the Bank. 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, adjusted for the amount of all prepaid or accrued lease payments.

As of June 30, 2022, the right-of-use assets classified tangible assets amounting to gross TL 630,977 in the balance sheet of the Bank and a lease obligation classified in the item of liabilities from leasing transactions amounting to gross TL 652,706. In the six-month period that ended as of the same date, financial expenses amounting to TL 36,657 and depreciation expenses amounting to TL 68,090 were incurred.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority (“POA”) has changed to TFRS 16 “Leases” standard by publishing Privileges Granted in Lease Payments - "Amendments to TFRS 16 Leases" concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental privileges in lease payments due to Covid-19. This change did not have a significant impact on the financial status or performance of the Bank.

2. Explanations on strategy of using financial instruments and foreign currency transactions

The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank’s exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank’s equity. The assets-liabilities committee (ALC) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement. There are no foreign currency differences capitalized by the Bank.

3. Investments in associates and subsidiaries

Turkish currency denominated associates and subsidiaries are measured at cost value in accordance with the “Consolidated and Separate Financial Statements” (“TAS 27”) and then deducted by provisions for impairment losses, if any, reflected to the accompanying unconsolidated financial statements.

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4. Explanations on forward transactions and option contracts and derivative instruments

The Parent Bank engages in foreign currency futures transactions in order to reduce foreign currency position risk and manage foreign currency liquidity. The Bank's derivatives are classified as "Hedging Purposes" and "Financial Asset with Fair Value (GUD) Reflected in Profit/Loss". Accordingly, although some derivative transactions provide effective protection against risks for the Bank economically, those that cannot be defined accountably for hedging purposes are recognized as "Financial Assets Reflected in Fair Value (GUD) Profit/Loss" and tracked in the "Derivative Financial Assets/Liabilities" account on the balance sheet with their fair value.

Obligations and receivables arising from derivative transactions are recorded in the accounts based on the contract amounts. The fair value of currency futures and swaps is calculated using the discounted cash flow model. Differences in the fair value of derivative transactions for trading purposes are recognized in the " Trading Income/Loss " item in the income statement.

Embedded derivatives are separated from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Embedded derivatives are accounted as derivative instruments in-line with TFRS 9. If the embedded derivatives are closely related with the host contract, embedded derivatives are accounted for in-line with the relevant standard applicable for the host contract.

As of June 30, 2022, the Bank has no cash flow hedging transaction.

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from 1 January 2021. Loans given from items indexed to benchmark interest rates in the Bank's financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Bank's financial position or performance. As of 30 June 2022, the Bank has no hedging transactions based on the benchmark interest rate.

5. Explanations on profit share income and expense

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. While applying the internal rate of return method, the Bank amortizes the fees included in the account of the effective profit rate over the expected life of the financial instrument. If the financial asset is impaired and classified as a non-performing loan, profit accruals and rediscount calculate for these customers within the scope of TFRS 9 Financial Instruments Standard.

The Bank calculates expense accrual in accordance with the unit value calculation method on profit/loss sharing accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

6. Explanations on fees and commission income and expenses

Other than fees and commission income and expenses received from certain banking transactions that are recorded as income or expense in the period they are collected, fees and commission income and expenses are recognized in the income statement depending on the duration of the transaction. Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers.

Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet.

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7. Explanations on financial assets

The Bank classifies and accounts for its financial assets as 'Fair Value Through Profit/Loss', 'Fair Value Through Other Comprehensive Income,' or 'Amortized Cost.' Such financial assets are recognized and derecognized as per the terms of "Recognition and Derecognition in Financial Statements" under the section three of the "TFRS 9 Financial Instruments" regarding the classification and measurements of financial instruments, published in the Official Gazette numbered 29953 and dated 19 January 2017 by Public Oversight, Accounting and Auditing Standards Authority ("POA"). When financial assets are included in the financial statements for the first time, they are measured at fair value. Transaction costs are initially added to fair value or deducted from fair value at the initial measurement of financial assets other than the "Fair Value at Fair Value Through Profit or Loss".

The Bank recognizes a financial asset in the financial statements only when it becomes a party to the contractual terms of a financial instrument. During the initial recognition of a financial asset, the business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to gains, losses or profit shares that were previously recorded in the financial statements.

7.1 Financial Assets at Fair Value through Profit/Loss

Financial assets at fair value through profit or loss are financial assets that are managed within a business model other than the business model whose objective is achieved by holding contractual cashflows for collection and the business model whose objective is achieved by collecting and selling contractual cash flows. Also, in case that the contractual terms of financial assets do not give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount, such assets are those that are, obtained with the aim of providing profit from the short-term price or other factor fluctuations in the market or are part of a portfolio aiming to obtain short-term profit, regardless of the reason of acquisition.

7.2 Financial Assets at Fair Value through Other Comprehensive Income

A financial asset is classified as at fair value through other comprehensive income when the asset is managed within a business model whose objective is achieved by collecting contractual cash flows and selling the financial asset, as well as when the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and profit share on the principal amount.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition costs that reflect the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share method regarding the financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses," which is the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income, are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, or the impairment of the asset. "Unrealized gains and losses" are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, are carried at fair value, in the case that the securities have a quoted market price in an active market and/or the fair values of the securities can be reliably measured. In contrary case, the securities are carried at cost, less provision for impairment.

During initial recognition an entity can make an irrevocable election regarding the presentation of the subsequent changes in the fair value of the investment in an equity instrument, that is not held for trading purposes, in the other comprehensive income. In the case that the entity elects to present the changes as described, dividends arising from the investment is accounted in the financial statements as profit or loss.

The Bank's financial assets with a difference in fair value reflected in other comprehensive income have government sukuks indexed to consumer prices ("CPI") in their securities portfolios, whose real coupon rates for 6 months remain constant throughout the maturity period. These assets are evaluated and accounted for according to the effective dividend method based on real coupon rates and the index calculated taking into account the reference inflation index and the estimated inflation rate at the date of issuance. The estimated inflation rate used is updated as necessary during the year.

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7.3 Financial Assets Measured at Amortized Cost

In the case that a financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and that the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and profit share on the principal amount, the financial asset is classified as financial asset measured at amortized cost.

Financial Assets Measured at Amortized Cost; are financial assets, other than loans and receivables, which are held for the purpose of custody until maturity, with conditions necessary for such assets to be held until contractual maturity met, including funding ability; and which have fixed or determinable payments and fixed maturities. Financial assets measured at amortized cost are initially recognized at cost and subsequently measured at amortized cost using the internal rate of return method. Profit share income related to Financial Assets measured at amortized cost is reflected in the income statement.

7.4 Derivative Financial Assets

The major derivative instruments utilized by the Bank are foreign currency swaps, cross currency swaps and currency forwards.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, the fair value amounts are classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss." The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

7.5 Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

8. Explanations on offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

9. Explanations on sale and repurchase agreements and lending of securities

Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement, a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. In this context, OMT were carried out with the CBRT for the first time on 14 June 2013, by subjecting the Treasury Lease Certificates, which were include in assets, to the repurchase transactions. From this date, the Bank performs sale transactions of treasury lease certificates that are recognized in the assets of the balance sheet in return for conditional repurchasing by tendering to purchase auctions held by CBRT with various maturities; and thusly raises funds.

As of 30 June 2022, the Bank has repurchased agreement amounting to TL 255,728 (31 December 2021: TL 6,495,137).

10. Explanations on assets held for sale and discontinued operations and related liabilities

As mandated by the Banking Act 5411 Article 57 "banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements within the scope of Capital Markets Act No. 2499, and precious metal trade as seen appropriate by the board, and cannot participate in partnerships with firms whose main business activity is commercial real-estate, with the exception of real-estate investment partnerships and companies that finance mortgaged residential estates. The rules and procedures regarding the sales of real-estate and commodities that were acquired due to receivables and debtors' obligations to the bank are determined by the board."

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Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also, the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized 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 there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or disposal group) can remain to be classified as assets (or disposal group) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal group) to be classified as asset held for sale.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. Discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

11. Explanations on goodwill and other intangible assets

Intangible assets are stated at cost adjusted for inflation until 31 December 2004, less provision for impairment, if any, and accumulated amortization and amortized with straight-line method.

The other intangible assets of the Bank comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years. The amortization period of the licenses is determined on the basis of the duration of the license agreements.

12. Explanations on tangible assets

Fixed assets are stated at cost adjusted for inflation until 31 December 2004, less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates used for amortization are as follows:

Property	2%
Movables, leased assets	6.67% - 20%

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date. Leasehold improvements are depreciated over the term of the lease agreements by straight-line method.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than its carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

Gains or losses resulting from disposals of the fixed assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repair costs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed as incurred.

The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product, or to decrease the costs.

Property held for long-term rental yields and/or capital appreciation is classified as investment property. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

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13. Explanations on leasing transactions

For contracts concluded prior to 1 January 2019, the Bank assesses whether the contract has a lease qualification or include a lease transaction.

- (a) The right to obtain almost all of the economic benefits from the use of the leased asset and,
- (b) Whether the leased asset which has the right to manage its use is evaluated

The Bank has started implementing the TFRS 16 - Leases standard from 1 January 2019, the first date of the TFRS 16 standard. At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments are discounted by using the Bank's alternative borrowing profit rate.

The right of the use asset

The Bank reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

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

- (a) The first measurement amount of the lease obligation,
- (b) The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental.

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

- (a) Accumulated depreciation and accumulated impairment losses are deducted and
- (b) Measures the restatement of the lease obligation over the adjusted cost.

The Bank applies the depreciation liabilities in TAS 16 Tangible Fixed Assets while depreciating the right of use asset.

The Bank determines whether the right of use has been impaired and recognizes any identified impairment losses in accordance with TAS 36 – Impairment of Assets.

Lease Obligation

At the effective date of the lease, the Bank measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's alternative borrowing profit share rate.

The profit share on the lease liability for each period of the lease term is the amount found by applying a fixed periodic profit share rate to the remaining balance of the lease liability. Periodic profit share rate is the Bank's borrowing profit share rate.

After the beginning of a contract, the Bank remeasures its lease liability to reflect changes in lease payments. The Bank reflects the restatement amount of the lease obligation to the financial statements as revised in the presence of the right of use.

14. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities are accounted for in accordance with "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

As per the "Matching Principle," a provision is provided for the liabilities arising as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a "Contingent" liability and is disclosed in the related notes to the financial statements.

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15. Explanations on Liabilities Relating to Employee Benefits

15.1 Defined benefit plans

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and who retires or quits the employment to receive old age or disability benefits, to fulfill the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

Liabilities amount which is related to “Turkish Accounting Standard on Employee Benefits” (“TAS 19”) is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm.

Bank is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

The Bank’s employees are not members of any pension fund, foundations, union or other similar entities.

15.2 Defined contribution plans

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees as mandated by the Social Security Association. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

15.3 Short term benefits to employees

In accordance with “TAS 19”, vacation pay liabilities are defined as “Short Term Benefits to Employees” and accrued as earned.

Bank management calculates bonus accrual if it foresees that the budgeted year-end figures approved by the Board of Directors are attainable.

16. Explanations on Taxation

Current Tax

With the Law No. 7394 on the Assessment of Immovable Properties Belonging to the Treasury and the Amendment of the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810 and entered into force, and the Article 26 of the Law on the Amendment of Some Laws and Decree Laws and the paragraph added to the provisional Article 13 of the Corporate Tax Law No. 5520, The Corporate Tax rate will be applied as 25% for corporate earnings the taxation period of 2022.

This rate shall be applied to the tax base to be found because of adding expenses that are not accepted as deductions in accordance with the tax laws to the commercial earnings of the corporations and deducting the exemptions and deductions in the tax laws. If the profit is not distributed, no further tax is paid. In accordance with the tax legislation, as of July 1, 2022, the provisional tax rate will be paid at the rate of 25% on the quarterly bases, and the provisional taxes paid during the year are deducted from the corporate tax calculated on the annual corporate tax return of that year.

Withholding taxes is not applied to dividends distributed to companies’ resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister’s decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15th and 30th articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies’ resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 10% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign-based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

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For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012 in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for profit from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable's; except in case of failure to fulfill the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable's with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the thirty day of the fourth month following the balance sheet date and taxes is paid in one installment by the end of that month.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from prior periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments.

On January 20, 2022, the implementation of inflation accounting with the "Law on The Amendment of the Tax Procedure Law and the Corporate Tax Law" adopted on the agenda of the Turkish Grand National Assembly has been postponed to start from the balance sheet dated December 31, 2023.

Deferred Tax

For taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as per the provisions of "Turkish Accounting Standard on Income Taxes" ("TAS 12"), the Bank calculates deferred tax asset or liability over all taxable temporary differences and deferred tax asset over taxable temporary differences, apart from the provisions for Expected Credit Losses for 12-Months (Stage 1) and for Lifetime Credit Losses (Stage 2) with significant increase in the credit risk after initial recognition, to the extent that is probable that taxable profit will be available in subsequent periods. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. The tax effect regarding the items directly accounted in equity are also reflected in equity. Updated tax rates in the upcoming periods will be taken into account in the calculation of deferred tax assets and liabilities.

17. Explanations on Additional Disclosures on Borrowings

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Bank does not apply hedging techniques on related borrowings.

The Bank has not issued convertible bonds.

18. Explanations on Share Certificates Issued

There is no significant amount of transaction costs on Bank about share certificates.

19. Explanations on Acceptances and Aailed Drafts

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

20. Explanations on Government Grants

There are no government grants received by the Bank.

21. Explanations on Segment Reporting

The Bank conducts its activities in three separate segments: Retail Banking, Corporate and Commercial Banking, Treasury and International Banking. Each department serves with its own products and the results of the activities are monitored on the basis of these departments.

Segment reporting is disclosed in Section Four, Note 13.

22. Explanations on Other Matters

The Bank has no disclosures on other matters.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

1. Explanations on Equity Items

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 30 June 2022 Bank’s total capital has been calculated as TL 20,857,564 (31 December 2021: TL 19,096,524), capital adequacy ratio is 22.71% (31 December 2021: 23.05%).

Within the scope of the regulations dated 28 April 2022 and 21 December 2021 by the BRSA, it was allowed to calculate the amount based on credit risk with the exchange rates of the CBRT for 31 December 2021 and to exclude these differences in the amount of equity to be used for the capital adequacy ratio if the net valuation differences of the securities in the portfolio of securities whose fair value difference is reflected in the other comprehensive income are negative.

The Bank used these opportunities in its Capital Adequacy calculations as of June 30, 2022.

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1.1 Components of Total Capital:

	Current Period Amount	Prior Period Amount
COMMON EQUITY TIER I CAPITAL		
Paid-In Capital To Be Entitled For Compensation After All Creditors	4,600,000	4,600,000
Share Premium	23,250	23,250
Reserves	5,611,131	3,359,858
Other Comprehensive Income According to TAS	5,300,242	251,492
Profit	5,871,992	2,554,175
Current Period Profit	5,821,586	2,501,727
Prior Period Profit	50,406	52,448
Bonus Shares From Associates, Affiliates And Joint-Ventures Not Accounted In Current Period's Profit	-	-
Common Equity Tier I Capital Before Deductions	21,406,615	10,788,775
Deductions From Common Equity Tier I Capital	-	-
Valuation Adjustments Calculated As Per The Article 9. (I) Of The Regulation On Bank Capital	-	-
Current And Prior Periods' Losses Not Covered By Reserves, And Losses Accounted Under Equity According To TAS (-)	33,706	16,538
Leasehold Improvements On Operational Leases (-)	92,214	73,968
Goodwill Netted With Deferred Tax Liabilities	-	-
Other Intangible Assets Netted With Deferred Tax Liabilities Except Mortgage Servicing Rights	262,543	233,519
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences	-	-
Differences Arise When Assets And Liabilities Not Held At Fair Value, Are Subjected To Cash Flow Hedge Accounting	-	-
Total Credit Losses That Exceed Total Expected Loss Calculated According To The Regulation On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
Securitization Gains	-	-
Unrealized Gains And Losses From Changes In Bank's Liabilities' Fair Values Due To Changes In Creditworthiness	-	-
Net Amount Of Defined Benefit Plans	48,855	52,112
Direct And Indirect Investments Of The Bank On Its Own Tier I Capital (-)	4,869	4,869
Shares Obtained Against Article 56, Paragraph 4 Of The Banking Law (-)	-	-
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 (-)	-	-
Mortgage Servicing Rights Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Net Deferred Tax Assets Arising From Temporary Differences Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Amount Exceeding The 15% Threshold Of Tier I Capital As Per The Article 2, Clause 2 Of The Regulation On Measurement And Assessment Of Capital Adequacy Of Banks (-)	-	-
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 (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
Deductions From Tier I Capital In Cases Where There Are No Adequate Additional Tier I Or Tier II Capitals (-)	-	-
Total Deductions From Common Equity Tier I Capital	442,187	381,006
Total Common Equity Tier I Capital	20,964,428	10,407,769

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ADDITIONAL TIER I CAPITAL		
Privileged stocks not included in common equity and share premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4,164,333	3,317,165
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	4,164,333	3,317,165
Deductions From Additional Tier I Capital	-	-
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 (-)	-	-
Items To Be Deducted From Tier I Capital During The Transition Period		
Goodwill And Other Intangible Assets And Related Deferred Taxes Not Deducted From Tier I Capital As Per The Temporary Article 2, Clause 1 Of The Regulation On Measurement And Assessment Of Capital Adequacy Of Banks (-)	-	-
Net Deferred Tax Asset/Liability Not Deducted From Tier I Capital As Per The Temporary Article 2, Clause 1 Of The Regulation On Measurement And Assessment Of Capital Adequacy Of Banks (-)	-	-
Deduction From Additional Tier I Capital When There Is Not Enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	4,164,333	3,317,165
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	25,128,761	13,724,934
Tier II Capital	-	-
Debt Instruments And The Related Issuance Premiums Defined By The BRSA	5,830,065	4,644,031
Debt Instruments And The Related Issuance Premiums Defined By The BRSA (Covered By Temporary Article 4)	-	-
Provisions (Amounts Explained In The First Paragraph Of The Article 8 Of The Regulation On Bank Capital)	1,345,826	845,934
Tier II Capital before deductions	7,175,891	5,489,965
Deductions From Tier II Capital	-	-
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 (-)	-	-
The Total Of Net Long Position Of The Direct Or Indirect Investments In Additional Tier I Capital And Tier II Capital Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
Total Deductions From Tier II Capital	-	-
Total Tier II Capital	7,175,891	5,489,965
Total Equity (Total Tier I And Tier II Capital)	32,304,652	19,214,899

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Total Tier I Capital And Tier II Capital (Total Equity)		
Loans Granted Against The Articles 50 And 51 Of The Banking Law (-)	-	-
Net Book Values Of Movables And Immovables Exceeding The Limit Defined In The Article 57, Clause 1 Of The Banking Law And The Assets Acquired Against Overdue Receivables And Held For Sale But Retained More Than Five Years (-)	6,197	11,607
Other Items To Be Defined By The BRSA (-)	1,262	106,768
Items To Be Deducted From The Sum Of Tier I And Tier II Capital (Capital) During The Transition Period		
The Portion Of 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 Not Deducted From Tier I Capital, Additional Tier I Capital Or Tier II Capital As Per The Temporary Article 2, Clause 1 Of The Regulation (-)	-	-
The Portion Of Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns More Than 10% Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital Not Deducted From Additional Tier I Capital Or Tier II Capital As Per The Temporary Article 2, Clause 1 Of The Regulation (-)	-	-
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, Of The Net Deferred Tax Assets Arising From Temporary Differences And Of The Mortgage Servicing Rights Not Deducted From Tier I Capital As Per The Temporary Article 2, Clause 2, Paragraph (1) And (2) And Temporary Article 2, Clause 1 Of The Regulation (-)	-	-
Capital		
Total Capital (Total Of Tier I Capital And Tier II Capital)	32,297,193	19,096,524
Total Risk Weighted Assets	142,209,154	82,840,995
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	14.74	12.56
Tier I Capital Ratio (%)	17.67	16.57
Capital Adequacy Ratio (%)	22.71	23.05
Buffers		
Bank-Specific Total CET1 Capital Ratio	2.50	2.50
Capital Conservation Buffer Ratio (%)	2.50	2.50
Systemic Significant Bank Buffer Ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According To The Article 4 Of Capital Conservation And Counter-Cyclical Capital Buffers Regulation	10.24	8.06
Amounts Lower Than Excesses As Per Deduction Rules		
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	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets Arising From Temporary Differences	-	-
Limits For Provisions Used In Tier II Capital Calculation		
General Loan Provisions For Exposures In Standard Approach (Before Limit Of One Hundred And Twenty Five Per Ten Thousand)	4,945,129	6,298,549
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	1,345,826	845,934
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	-	-
Debt Instruments Covered By Temporary Article 4 (Effective Between 1.1.2018-1.1.2022)		
Upper Limit For Additional Tier I Capital Items Subject To Temporary Article 4	-	-
Amount Of Additional Tier I Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-
Upper Limit For Additional Tier II Capital Items Subject To Temporary Article 4	-	-
Amount Of Additional Tier II Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-

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Information on debt instruments to be included in equity calculation:			
Issuer	KT One Company Limited	KT AT One Company Limited	KT21 T2 Company Limited
Mean Code (CUSIP, ISIN vb.)	XS2028862998	XS2227803819	XS2384355520
Legislation to which the mean is subject	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity
Consideration In Equity Calculation			
Subject to consideration application reduced by 10% from 1/1/2015	Not being subject	Not being subject	Not being subject
Validity on a consolidated or unconsolidated basis or both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis
Means Type	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Tier II Capital)
Amount taken into account in equity calculation (as of last reporting date-TL million)	3,331	833	5,830
Nominal value of the mean (TL million))	3,331	833	5,830
The account in which the mean is followed accounting	3470003	3470003	3470003
Export date of the mean	16/07/2019	28/09/2020	16/09/2021
Maturity structure of the mean (demand/term))	Demand	Demand	10 years and 3 months term
Initial maturity of the mean	5 Years (Due Date : 16/07/2024)	5 Years (Due Date : 29/09/2025)	5 Years and 3 months (Due Date: 16/12/2026)
Whether the issuer has the right to refund subject to BRSA approval	Yes	Yes	Yes
Date of repayment option, contingent repayment options and amount to be paid back	16/07/2024 - Complete	29/09/2025 - Complete	16/12/2026 - Complete
Subsequent repayment option dates	16/07/2024	29/09/2025	16/12/2026
Dividend payments			
Fixed or variable dividend payments	Fixed dividend payments	Fixed dividend payments	Fixed dividend payments
Dividend ratio and index value for dividend ratio	9.13%	9.95%	6.125%
Whether there are any restrictions that stop paying dividends	None	None	None
The ability to be completely optional, partially optional or mandatory	Mandatory	Mandatory	Mandatory
Whether there is an element to encourage repayment, such as a dividend rate hike	None	None	None
Non-accumulative or cumulative property	Noncumulative	Noncumulative	Noncumulative
Ability to convert to stock			
Trigger events/events that would cause conversion if converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Fully or partially convert property if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
If it can be converted to stock, the conversion rate	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Forced or optional conversion property, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Types of convertible means, if convertible to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Issuer of the debt instrument to be converted, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Value reduction feature			
Trigger events/events to cause reduction if value reduction is enabled	No Value Reduction	No Value Reduction	No Value Reduction
If it has a value reduction feature, it has a total or partial value reduction feature	No Value Reduction	No Value Reduction	No Value Reduction
If the value reduction property is continuous or transient	No Value Reduction	No Value Reduction	No Value Reduction
If the value can be temporarily reduced, the value increment mechanism	No Value Reduction	No Value Reduction	No Value Reduction
In the case of liquidation, which is in the order in respect of the right of receivables (the instrument which is located just above this instrument of borrowing))	Tier - 1	Tier - 1	Tier - 2
Whether or not the provisions of Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None	None
Which of the conditions contained in Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None	None

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1.2 Approaches applied to assess the adequacy of internal capital requirement in terms of current and future activities

Internal evaluation process is established for continuously evaluating and maintaining the types, components and distribution of the adequate level of capital in order to provide for various risks exposed to or to be exposed to. The final purpose of the evaluation process of the internal capital requirement, is to define and evaluate all the risks included or not in the calculations of the legal capital requirements, within the frame of the activities of the bank, and to provide the availability of adequate capital in order to cover these risks and the application of the risk management techniques. The results obtained in this evaluation process by taking into consideration, the Banks' growth strategy, assets-liabilities structure, funding sources, liquidity position, foreign currency position, the effect of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Banks' risk profile and risk appetite.

Within this scope, capital structure is reviewed as based on the frame of the activities and risks exposed to, and the internal capital requirement, probable to occur within the direction of targets and strategies of the Bank is evaluated. This evaluation includes interest rate risk, concentration risk, liquidation risk, reputation risk, residual risk, country risk and strategic risk arising of the banking books as well as market, credit and operational risks. Capital requirement internal evaluation is evaluated to be a developing process and the development areas for the future period are determined and plans are prepared.

2. Explanations and disclosures related to credit risk

It has not been prepared in the interim period in accordance with Article 25 of the Communiqué on Financial Statements to be Publicly Announced by Banks and the Related Explanations and Footnotes.

3. Explanations on currency risk

Foreign currency risk represents the Banks's exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to standard method. "Standard Method" and "Value at Risk Method" used in legal reporting are used to measure the currency risk that the Bank is exposed to. Measurements made under the Standard Method are made on a monthly basis, and measurements made under the Value at Risk Method are made on a daily basis.

The Bank monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross-exchange rate risk within the position. As a tool of foreign currency risk management, foreign currency forward transactions are used when necessary to mitigate the risk.

As of 30 June 2022, the Bank has a balance sheet closed position of TL 761,373 (31 December 2021 – TL 1,811,076 open) and off-balance sheet position of TL 2,406,534 (31 December 2021 – TL 424,526 closed) with a short position of TL 1,645,161 (31 December 2021– TL 1,386,550 open)

The announced current foreign exchange buying rates of the Bank as of 30 June 2022 and the prior five working days are as follows (full TL):

	23/06/2022	24/06/2022	27/06/2022	28/06/2022	29/06/2022	Balance Sheet Valuation Rate
USD	17.3553	17.34838	16.58516	16.62538	16.64971	16.65733
EURO	18.25013	18.2729	17.53689	17.56845	17.50242	17.35687
GBP	21.20835	21.29515	20.37203	20.3641	20.25753	20.20992
CHF	17.9965	18.09766	17.31032	17.39027	17.46687	17.41098
JPY	0.12825	0.12865	0.1227	0.1223	0.12207	0.12233

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days preceding the balance sheet date are as follows (full TL):

	Monthly average FC purchase rate
USD	16.99653
EURO	17.97494
GBP	20.97588
CHF	17.54813
JPY	0.12707

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Currency risk of the Bank

	Euro	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	23,915,869	26,728,323	13,611,806	64,255,998
Banks (***)	9,331,630	4,435,411	10,257,805	24,024,846
Financial assets at fair value through profit and loss	87,557	898,207	13,453,929	14,439,693
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	7,042,086	9,091,077	-	16,133,163
Loans and finance lease receivables (*)	30,393,644	41,815,064	31,552	72,240,260
Subsidiaries, associates and joint ventures (**)	610,120	-	-	610,120
Financial assets at amortized cost	-	9,142,670	-	9,142,670
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	1,683	-	1,683
Intangible assets	-	43	-	43
Other assets	2,622,049	32,746	4,511	2,659,306
Total assets	74,002,955	92,145,224	37,359,603	203,507,782
Liabilities				
Current account and funds collected from Banks via participation accounts	224,364	639,999	575,783	1,440,146
Current and profit-sharing accounts FC (****)	29,184,678	91,761,965	60,142,943	181,089,586
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	605,049	14,910,157	-	15,515,206
Marketable securities issued	-	-	-	-
Miscellaneous payables	961,778	1,656,326	106,409	2,724,513
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	410,737	1,450,375	115,846	1,976,958
Total liabilities	31,386,606	110,418,822	60,940,981	202,746,409
Net balance sheet position	42,616,349	(18,273,598)	(23,581,378)	761,373
Net off-balance sheet position	(43,943,150)	17,910,383	23,626,233	(2,406,534)
Financial derivative assets	1,455,876	28,640,725	23,870,355	53,966,956
Financial derivative liabilities	45,399,026	10,730,342	244,122	56,373,490
Non-cash loans (***)	3,611,019	7,628,981	692,680	11,932,680
Prior period				
Total assets	56,174,794	74,513,518	37,652,954	168,341,266
Total liabilities	26,348,995	92,629,257	51,174,090	170,152,342
Net balance sheet position	29,825,799	(18,115,739)	(13,521,136)	(1,811,076)
Net off-balance sheet position	(30,985,951)	17,881,028	13,529,449	424,526
Financial derivative assets	528,075	23,015,573	14,353,317	37,896,965
Financial derivative liabilities	31,514,026	5,134,545	823,868	37,472,439
Non-cash loans (***)	3,257,093	4,935,753	274,987	8,467,833

(*) Includes foreign currency indexed loans amounting to TL 1,972,034 (31 December 2021 – TL 2,009,070) and includes expected loss provision amounting to TL 5,088,175 followed as TL on the balance sheet.

(**) TL 1,461,015 (31 December 2021 - TL 610,120) of the subsidiaries amounting to TL 610,120 in the balance sheet includes foreign currency subsidiary and subsidiary.

(***) Does not have any effect to the net off-balance sheet position.

(****) Precious metals are included in "Other FC" column.

(*****) Other liabilities at fair value through TL 13,616 in the calculation of profit / loss of securities are not included in the foreign currency risk of impairment provisions. It also includes a provision for foreign currency indexed loans amounting to TL 204,751.

(*****) Includes provisions for expected losses amounting to TL 7,219 in the balance sheet.

Foreign currency amounts that are not included in the currency risk table due to the legislation related to calculation of foreign currency net position to equity standard ratio, are explained by their gradation in the financial statements below;

- Derivative financial assets held for trading TL 416,938 (31 December 2021 – TL 592,863)
- Prepaid expenses: TL 807 (31 December 2021 – 1,303 TL)
- Derivative financial liabilities held for trading: TL 727,101 (31 December 2021 – TL 65,015)
- Marketable securities of FC revaluation reverse: 427,210 (31 December 2021 - TL 65,917)
- Derivative financial liabilities held for hedging: None (31 December 2021 - None).

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Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions that are amounting to.

- Forward foreign currency purchase transactions TL 3,848,232 (31 December 2021 – TL 1,864,837)
- Forward foreign currency sale transactions: TL 4,128,479 (31 December 2021 – TL 3,094,121)
- Precious metals purchase transactions TL 21,050,249 (31 December 2021 – TL 13,177,082)
- Precious metals sale transactions TL 14,858 (31 December 2021 – TL 52,347)

Sensitivity to exchange rate risk

The bank is largely exposed to exchange rate risk in Euros, US dollars and Gold.

The following table shows the bank's sensitivity to a 10% increase in US Dollar, Euro and gold exchange rates.

	Change in exchange rate (%)	Effect on profit / loss		Effect on Equity	
		Current period	Prior period	Current period	Prior period
US Dollar	10%	(36,322)	(23,471)	(470,763)	47,244
Euro	10%	(132,680)	(116,015)	(138,017)	(112,076)
Gold	10%	26,151	16,064	26,151	16,064

4. Explanations related to stock position risk

4.1 Relation of risks with gains accounted under equity and analyzing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes

The Bank's non-quoted securities are accounted for fair value. When the fair value cannot be reliably measured, the cost method is used.

4.2 Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value

Current Period		Comparison	
Equity Securities (shares) investments	Carrying Value	Fair Value	Market Value
Securities at Fair Value Through Other Comprehensive Income	93,519	-	93,519
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	1,461,015	460,020	460,020
Quoted Securities	53,418	460,020	460,020
Other	20,000	-	-
Quoted Securities	-	-	-
Prior Period		Comparison	
Equity Securities (shares) investments	Carrying Value	Fair Value	Market Value
Securities at Fair Value Through Other Comprehensive Income	82,887	-	-
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	1,461,015	519,420	519,420
Quoted Securities	53,418	519,420	519,420
Other	20,000	-	-
Quoted Securities	-	-	-

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4.3 Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals: None

5. Liquidity risk management and liquidity coverage ratio

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. It has been evaluated in two main categories:

Funding Liquidity Risk: It is a kind of risk which does not meet the any unexpected loss and non defaulting debts and liabilities.

Market Liquidity Risk: It is a kind of risk which consists of the position that cannot be sold without affecting market price due to insufficient market depth or market conditions' deterioration or that cannot be completed with the position of market price for any reasons.

Liquidity risk is managed by the Asset-Liability Committee (ALC) and related business units within the framework of the Liquidity Risk Policy and risk appetite approved by the Board of Directors. In liquidity risk management, the measures to be taken and the practices to be carried out are determined by taking into account normal economic conditions and stress conditions. The Bank defines liquidity risk, measures risks with liquidity risk measurement methods in accordance with international standards, monitors them and periodically presents them to the interested parties. Liquidity risk stress tests are performed during monthly periods. An emergency funding plan (liquidity contingency plan) has been created to regulate the procedures and principles for the bank to maintain and maintain adequate liquidity levels under stress conditions.

The Bank's liquidity risk ratios are well above the legal limits. The Bank maintains its liquidity buffer at high levels, taking into account periods when liquidity risk may increase. Due to this approach, it is evaluated that the negative effects of the COVID-19 pandemic on the global level do not have a significant impact on The Bank's liquidity needs.

5.1 Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

The applications and responsibilities related to the liquidity risk has been determined according to the Treasury Liquidity and Market Management Policies and Practices approved by Board of Directors. The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet its liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has a strong capital structure and is supported by its main shareholder is Kuwait Finance House; also its current and participation accounts are spread to the base and are stable, and its sources of foreign borrowing are diversified. Hence, by the virtue of the aforementioned facts, the Bank has a high risk capacity. In addition, the Liquidity Coverage Ratio of the Bank which insures its cash outflows with the high-quality liquid assets is deemed high. The Bank also has limits available for use at Central Bank of Turkey and other financial institutions.

Indicators regarding the liquidity position are analyzed and liquidity risk is evaluated at the ALC meetings attended by the senior management. Furthermore, the Board of Directors are informed through the Audit Committee.

For the management of liquidity risk, the Risk Management Department follows the funding and liquidity risks, market conditions, in the participating accounts, the distribution of different currencies, maturity, cost and expected future cash flow requirements (particularly with regard to large deposits). Reports on the liquidity gap analysis prepared weekly by Budget and Management Reporting and monitored by the Asset and Liability Committee. These units also estimate the possible liquidity needs of the Bank in case of urgent situations and generate action plans based on these estimates. Risk Management Department follows the limits on liquidity risk determined by the Board of Directors. Risk Management Department, in addition to these, is implementing monthly liquidity stress tests to measure the effects of negative scenarios on liquidity position of the Bank. The Treasury Group Management manages the liquidity risk and funding risk in order to prevent insufficiencies of funding relating to any time or any source and makes reports related with the liquidity position to Asset and Liability Committee regularly. Official and International Reporting Directorate tracks the liquidity coverage ratio and the results are reported to the BRSA.

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

The Bank's liquidity management is performed by the Asset and Liability Management. Depending on the Bank's consolidated subsidiaries are subject to liquidity risk is managed in-house, but the necessary communication and coordination within the Assistant General Manager in charge of Treasury and International Banking are provided.

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5.3 Information on the Bank's funding strategy including the policies on funding types and variety of maturities

Bank spread to the base of current and participation accounts and that a stable, long-term diversification and aims to be the source of the funds used. Ratio of liquid assets to total assets ratio and risk indicators related to liquidity, credit and the ratio of funds, issues such as the concentration in collected funds are being closely monitored.

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

Almost all liabilities of the Bank are denominated in Turkish Lira, American Dollar, Euro or Gold. The TL denominated liquidity of the Bank is managed through the open market transactions implemented by the Central Bank of the Turkish Republic and interbank operations. Liabilities denominated in TL are used in order to fund assets that are denominated in TL, assets denominated in TL are generated through foreign exchange based funds with swap operations if necessary. Foreign currency funds are provided with the foreign sourced credits denominated in foreign currency and sukuk-financial certificates issued. Liquidity denominated in foreign currency is kept at the interbank operations and accounts of the corresponding bonds within the limits. Liabilities denominated in Gold are kept at the required reserve accounts of the Central Bank of the Turkish substantially.

5.5. Information on liquidity risk mitigation techniques

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposits. In addition, core deposit analysis is performed and concentration on collected funds are closely monitored.

5.6. Information on the use of stress tests

In order to analyze the source of the possible liquidity insufficiencies and whether conformably move exists on existing off-balance sheet and balance sheet positions relevant with liquidity risk expectation, 3 types liquidity stress tests are applied by Risk Management Directorate. These includes stress test scenarios are special to the Bank, related with the overall market or scenarios take in consideration both of the situations. Stress tests related with liquidity risk are repeated at monthly periods. Results are tracked with key risk indicators and monitored by Senior Management.

5.7. General information on emergency funding plan

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Emergency Funding Plan, which is approved by Board of Directors. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. Indicators of Emergency Funding Plan were determined, in case of unexpected progress at the liquidity situation occur or at situations trigger of other indicators, plan is put into use. Asset-Liability Committee is responsible from the determination of actions to be taken.

5.8. Presentation of financial liabilities according to contractual maturities

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

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5.9 Liquidity coverage ratio

Current Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	86,513,289	69,329,063	83,194,956	66,010,730
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	88,395,505	24,090,809	7,963,102	2,409,081
3	Stable deposits	17,528,967	-	876,448	-
4	Less stable deposits	70,866,538	24,090,809	7,086,654	2,409,081
5	Unsecured wholesale funding, of which:	44,221,054	31,642,755	22,659,390	15,226,183
6	Operational deposits	-	-	-	-
7	Non-operational deposits	37,864,651	28,667,224	16,302,987	12,250,652
8	Unsecured funding	6,356,403	2,975,531	6,356,403	2,975,531
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	35,567,957	31,546,333	35,567,957	31,546,333
11	Outflows related to derivative exposures and other collateral requirements	34,416,862	31,546,333	34,416,862	31,546,333
12	Outflows related to restructured financial Instruments	1,151,095	-	1,151,095	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	33,920,999	11,081,508	3,058,972	559,990
16	TOTAL CASH OUTFLOWS			69,249,421	49,741,587
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	38,074,112	27,235,445	30,539,964	24,057,233
19	Other cash inflows	34,787,504	31,256,953	34,787,504	31,256,953
20	TOTAL CASH INFLOWS	72,861,616	58,492,398	65,327,468	55,314,186
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			83,194,956	66,010,730
22	TOTAL NET CASH OUTFLOWS			17,312,355	12,435,397
23	LIQUIDITY COVERAGE RATIO (%)			480.55	530.83

(*) The average calculated for the last three months of the values calculated by taking the weekly simple arithmetic average

The lowest, highest and average Liquidity Coverage Ratios in the last 3 months of 2022 are given in the table below.

	Highest	Date	Lowest	Date	Average
TL+FC	506.04	15/04/2022	411.90	01/04/2022	482.47
FC	564.36	22/04/2022	452.28	01/04/2022	530.35

The liquidity coverage rate is calculated by the proportion of high-quality liquid assets held by the bank to its one-month maturity cash outflows. Important balance sheet items that determine the rate; Compulsory provisions held by the CBRT, repo / non-repurchase securities, institutional qualified participation accounts, funds from abroad and receivables from banks. These items have more impact on the liquidity coverage ratio than the liquidity assets and net cash outflows, because they have a high share of the current cointegration, high concentration and variability over time.

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Prior Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	64,135,407	51,618,219	62,047,076	49,527,121
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	71,354,474	15,890,007	6,612,449	1,647,562
3	Stable deposits	16,313,868	-	857,744	-
4	Less stable deposits	55,040,606	15,890,007	5,754,705	1,647,562
5	Unsecured wholesale funding, of which:	35,009,977	25,635,623	17,253,337	12,176,783
6	Operational deposits	-	-	-	-
7	Non-operational deposits	31,329,312	23,556,794	13,592,650	10,111,219
8	Unsecured funding	3,680,665	2,078,829	3,660,687	2,065,564
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	33,541,312	29,408,292	33,356,957	29,330,487
11	Outflows related to derivative exposures and other collateral requirements	30,030,487	27,916,225	29,889,681	27,838,420
12	Outflows related to restructured financial Instruments	3,510,825	1,492,067	3,467,276	1,492,067
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	21,478,301	6,659,025	2,009,766	372,243
16	TOTAL CASH OUTFLOWS			59,232,509	43,527,075
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	23,198,611	17,994,662	19,160,744	16,105,357
19	Other cash inflows	30,908,665	27,198,914	30,798,615	26,938,870
20	TOTAL CASH INFLOWS	54,107,276	45,193,576	49,959,359	43,044,227
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			62,047,076	49,527,121
22	TOTAL NET CASH OUTFLOWS			14,808,127	10,881,769
23	LIQUIDITY COVERAGE RATIO (%)			419.01	455.14

(*) The average calculated for the last three months of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average

The lowest, highest and average Liquidity Coverage Ratios in the last 3 months of 2022 are given in the table below.

Prior Period:

	Highest	Date	Lowest	Date	Average
TL+FC	480.94	01/10/2021	366.24	29/10/2021	423.97
FC	524.29	01/10/2021	404.10	29/10/2021	460.19

The liquidity coverage ratio is calculated by the ratio of the high-quality liquid assets of the bank to the net cash outflows within the one-month maturity window. Important balance sheet items which are influential over the aforementioned ratio may be specified as required reserves held in the presence of TC Central Bank, securities not subject to repo/assurance, institutional qualified participation accounts, funds of foreign origins and receivables from banks. These items have a higher influence over the liquidity coverage ratio as their amounts have a higher share of liquid assets and net cash outflows, their consideration rate is higher, and they may show variability over time.

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5.10 Presentation of assets and liabilities according to their remaining maturities

Current period	Demand	Up to 1 months	1-3 months	3-12 months	1-5 Years	Over 5 years	Unallocated (***)	Total
Assets								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey	24,839,220	43,643,376	-	-	-	-	-	68,482,596
Banks (*)	24,040,205	-	-	-	-	-	-	24,040,205
Financial assets at fair value through profit and loss	-	278,563	109,701	99,508	14,276,623	-	2,994,992	17,759,387
Money market placements	-	151,206	-	-	-	-	-	151,206
Financial assets at fair value through other comprehensive income	-	255,728	67,271	3,296,279	35,969,827	2,295,250	59,944	41,944,299
Loans (**)	-	21,663,317	24,183,166	58,057,290	53,195,292	6,866,825	(7,782,188)	156,183,702
Financial assets evaluated at amortised cost	-	-	-	592,789	8,556,882	-	(7,001)	9,142,670
Other assets (***)	4,712,882	2,244,649	21,025	-	636,253	-	4,235,519	11,850,328
Total assets	53,592,307	68,236,839	24,381,163	62,045,866	112,634,877	9,162,075	(498,734)	329,554,393
Liabilities								
Current account and funds collected from banks via participation accounts	1,527,580	-	-	-	-	-	-	1,527,580
Current and profit-sharing accounts	156,091,643	75,974,001	31,072,070	10,686,947	151,574	2,619	-	273,978,854
Funds provided from other financial institutions	-	1,355,956	838,278	2,991,397	6,890,813	5,844,499	-	17,920,943
Money market borrowings	-	203,000	-	-	-	-	-	203,000
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	5,126,692	203,897	-	-	-	-	-	5,330,589
Other Liabilities (****)	-	3,710,866	2,340,189	152,227	236,915	34,384	24,118,846	30,593,427
Total Liabilities	162,745,915	81,447,720	34,250,537	13,830,571	7,279,302	5,881,502	24,118,846	329,554,393
Net liquidity gap	(109,153,608)	(13,210,881)	(9,869,374)	48,215,295	105,355,575	3,280,573	(24,617,580)	-
Prior period								
Total assets	46,186,250	56,104,913	24,794,722	45,573,807	77,536,816	4,099,982	(228,230)	254,068,260
Total liabilities	130,572,202	76,111,257	16,088,738	7,698,635	6,003,439	4,689,464	12,904,525	254,068,260
Net liquidity gap	(84,385,952)	(20,006,344)	8,695,477	37,875,172	71,533,377	(589,482)	(13,122,248)	-

(*) Presented with netting off expected credit losses.

(**) Includes receivables from leasing transactions and presented with netting off with the expected credit loss.

(***) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets.

(****) The other unallocated liabilities column consists mainly of equity and provision balances

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6. Explanations on leverage ratio

Disclosure of leverage ratio template

The leverage ratio table prepared in accordance with the communiqué “Regulation on Measurement and Assessment of Leverage Ratios of Banks” published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

On-balance sheet assets (*)		Current Period	Prior Period
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	314,784,463	231,176,465
2	(Assets amounts deducted in determining Basel III Tier I Capital)	(426,688)	(412,452)
3	Total amount on-balance sheet risks (sum of lines 1 and 2)	314,357,775	230,764,013
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	678,958	1,374,232
5	The potential amount of credit risk with all derivative instruments and credit derivatives	859,426	624,826
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	1,538,384	1,999,058
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,087,391	2,231,136
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,087,391	2,231,136
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	94,002,897	80,442,507
11	(Adjustments for conversion to credit equivalent amounts)	(46,337,355)	(44,108,586)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	47,665,542	36,333,921
Capital and total risks			
13	Tier I Capital	23,297,099	12,759,904
14	Total risks (sum of lines 3, 6, 9 and 12)	364,649,092	271,328,128
Leverage ratio			
15	Leverage ratio	6.39	4.70

(*) Amounts in the table are three-month average amounts.

The leverage ratio calculated on the basis of the arithmetic average of the amounts realized at the end of each month for the past three-month period as of the Group’s consolidated balance sheet date was 6.39% (31 December 2021 - 4.7%). The main reason for the changes from the prior period is that the increase in the items related to the capital and total risk items compared to the increase in other items. Accordingly, main capital increased by 83% on profit for the period, while on-balance sheet risk increased by 36% and off-balance sheet increased by 31%. Accordingly, there is a increase of 169 basis points in the current period leverage ratio compared to the prior period.

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7. Explanations on the fair value of financial assets and liabilities

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

8. Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions:

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

9. Explanations on hedge accounting practices

None (31 December 2021 – None).

10. Explanations on risk management

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, Asset-Liability Committee (“ALC”) and the Risk Management Department (“RMD”) which has been composed in order to manage systemic risks that the Bank is exposed. The Board of Directors is the owner of the Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows and the level & the quality of related activities.

10.1. Disclosures regarding risk management and risk-weighted amounts

10.1.1. GB1 - Overview of risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 30/06/2022	Prior Period 31/12/2021	Current Period 30/06/2022
1	Credit risk (excluding counterparty credit risk) (CCR)	106,903,065	66,866,125	8,552,245
2	Standardised approach (SA)	106,903,065	66,885,604	8,552,245
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	762,990	789,083	61,039
5	Standardised approach for counterparty credit risk (SA-CCR)	762,990	789,083	61,039
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	19,479	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% risk weighting Approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	20,404,228	4,998,996	1,632,338
17	Standardised approach (SA)	20,404,228	4,998,996	1,632,338
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	14,138,871	10,167,312	1,131,110
20	Basic indicator approach	14,138,871	10,167,312	1,131,110
21	Standardised approach	-	-	-
22	Advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	142,209,154	82,840,995	11,376,732

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10.2. General qualitative information on credit risk

10.2.1. Credit quality of assets

Current Period		Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation		Provisions / depreciation and impairment	Net amount
		Defaulted	Non-Defaulted		
1	Loans	3,356,215	164,316,843	3,099,789	164,573,269
2	Debt securities	-	51,689,759	595,789	51,093,970
3	Off-balance sheet exposures (*)	589,868	35,077,518	584,999	35,082,388
4	Total	3,946,083	251,084,120	4,280,577	250,749,627

(*) Accruals of derivative transactions are presented as net amounts under impairments.

Prior Period		Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation		Provisions / depreciation and impairment	Net amount
		Defaulted	Non-Defaulted		
1	Loans	3,075,409	120,511,050	2,787,895	120,798,564
2	Debt securities	-	37,255,610	291,639	36,963,971
3	Off-balance sheet exposures (*)	527,586	30,379,913	522,426	30,385,073
4	Total	3,602,995	188,146,573	3,601,960	188,147,608

(*) Accruals of derivative transactions are presented as net amounts under impairments.

10.2.2. Changes in Stock of Defaulted Loans and Debt Securities

		Cari Dönem	Önceki Dönem
1	Defaulted loans and debt securities at end of the prior reporting period	3,075,409	2,934,591
2	Loans and debt securities that have been defaulted since the last reporting period	772,462	1,298,362
3	Receivables back to non-defaulted status	-	-
4	Amounts written off	-	397,786
5	Other changes	(491,656)	(759,758)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	3,356,215	3,075,409

10.2.3. Credit risk mitigation techniques – Overview

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	106,029,516	49,501,537	5,464,535	9,042,216	7,028,876	-	-
2	Debt securities	51,093,970	-	-	-	-	-	-
3	Total	157,123,486	49,501,537	5,464,535	9,042,216	7,028,876	-	-
4	Overdue	104,907	96,012	682	55,507	31,481	-	-

Prior Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	78,360,551	35,189,340	3,119,489	7,248,673	5,915,415	-	-
2	Debt securities	36,963,971	-	-	-	-	-	-
3	Total	115,324,522	35,189,340	3,119,489	7,248,673	5,915,415	-	-
4	Overdue	74,887	168,958	13,189	43,669	27,132	-	-

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10.2.4. Standard approach - Exposure to credit risk and credit risk reduction effects

	Risk Classes	Credit conversion rate and amount receivable before credit risk reduction		Credit conversion rate and credit risk reduction		Risk-weighted amount and risk-weighted amount density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk-weighted amount	Risk-weighted amount density
1	Receivables from central governments or central banks	96,533,552	-	102,569,803	-	-	-
2	Receivables from regional or local governments	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Receivables from multilateral development banks	208,996	-	208,996	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage firms	25,805,076	4,225,769	25,805,076	1,241,020	7,324,572	27
7	Corporate receivables	52,023,961	13,102,302	46,598,267	5,956,803	50,193,758	96
8	Retail receivables	20,072,328	15,912,137	19,730,672	3,582,305	16,815,743	72
9	Receivables secured by residential real estate mortgages	12,478,000	1,353,243	12,419,675	583,726	4,457,778	34
10	With a receivable secured by a commercial real estate mortgage	18,250,855	4,074,455	18,069,821	1,896,553	13,111,770	66
11	Overdue receivables	178,036	-	148,521	-	80,205	54
12	Receivables with high risk determined by the Board	4,565,995	-	4,565,968	-	9,036,462	198
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and brokerage firms and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment institutions	-	-	-	-	-	-
16	Other receivables	12,382,880	-	12,382,880	-	4,401,762	36
17	Stock investments	1,481,015	-	1,481,015	-	1,481,015	100
18	Total	243,980,694	38,667,906	243,980,694	13,260,407	106,903,065	

10.2.5. Standard approach - Receivables based on risk classes and risk weights

Risk Classes / Risk Weights *		0%	10%	20%	50%	75%	100%	150%	200%	Others*	Total credit risk* (CCR and CVA)
1	Receivables from central governments or central banks	102,569,803	-	-	-	-	-	-	-	-	102,569,803
2	Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	208,996	-	-	-	-	-	-	-	-	208,996
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage firms	13,801	-	23,047,895	2,538,815	-	1,445,585	-	-	-	27,046,096
7	Corporate receivables	1,030,340	-	1,663,712	-	-	49,861,018	-	-	-	52,555,070
8	Retail receivables	670,016	-	490,236	-	21,740,118	412,607	-	-	-	23,312,977
9	Receivables secured by residential real estate mortgages	180,934	-	200,564	-	-	-	-	-	12,621,903	13,003,401
10	Receivables secured by commercial real estate mortgages	398,243	-	478,054	12,147,835	-	6,942,242	-	-	-	19,966,374
11	Overdue receivables	359	-	303	135,430	-	12,429	-	-	-	148,521
12	Receivables with high risk determined by the Board	3,647	-	8,454	-	-	-	145,926	4,407,941	-	4,565,968
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and brokerage firms and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment institutions	-	-	-	-	-	-	-	-	-	-
16	Stock investments	-	-	-	-	-	1,481,015	-	-	-	1,481,015
17	Other Receivables	7,138,633	-	1,053,106	-	-	4,191,141	-	-	-	12,382,880
18	Total	112,214,772	-	26,942,324	14,822,080	21,740,118	64,346,037	145,926	4,407,941	12,621,903	257,241,101

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10.3. Counterparty credit risk (CCR) approach analysis

10.3.1 Evaluation of counterparty credit risk according to measurement methods

Current Period		Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardised Approach CCR (for derivatives) (*)	762,848	889,405		1.4	1,652,253	735,856
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions						
6	Total						735,856

* In counterparty credit risk calculations, the Valuation Method according to its fair value is used.

Prior Period		Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardised Approach CCR (for derivatives) (*)	1,136,314	484,886		1.4	1,621,200	770,407
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions						
6	Total						770,407

* In counterparty credit risk calculations, the Valuation Method according to its fair value is used.

10.3.2 Capital requirement for credit valuation adjustment (CVA)

		Current Period		Prior Period	
		Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts	Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts
Total portfolios subject to the Advanced CVA capital obligation					
1	(i) VaR component (including the 3×multiplier)	-	-	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3	All portfolios subject to the Standardised CVA capital obligation	1,652,253	27,134	1,621,200	18,676
4	Total subject to the CVA capital obligation	1,652,253	27,134	1,621,200	18,676

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10.3.3.CCR exposures by risk class and risk weights

Risk Classes / Risk Weights *		0%	10%	20%	50%	75%	100%	150%	200%	Others **	Total credit risk*
1	Receivables from central governments and Central Banks	363,623	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	828,140	267,612	-	250,270	-	-	-	549,704
7	Receivables from corporate	-	-	-	-	-	151,623	-	-	-	151,623
8	Retail receivables	-	-	-	-	23,387	-	-	-	-	17,540
17	Other receivables	-	-	-	2,567	-	14,635	-	-	3,056	16,989
18	Total	363,623	-	828,140	270,179	23,387	416,528	-	-	3,056	735,856

* Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

** 35% Risk Weight is classified in Others.

Prior Period - Risk Classes / Risk Weights *		%0	%10	%20	%50	%75	%100	%150	%200	Others **	Total credit risk*
1	Receivables from central governments and Central Banks	5,221,288	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	560,270	773,915	-	-	-	-	-	499,012
7	Receivables from corporate	-	-	-	-	-	232,801	-	-	-	232,801
8	Retail receivables	-	-	-	-	32,436	-	-	-	-	24,327
9	Other receivables	-	-	-	3,984	-	10,259	-	-	5,760	14,267
18	Total	5,221,288	-	560,270	777,899	32,436	243,060	-	-	5,760	770,407

* Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

** 35% Risk Weight is classified in Others.

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10.3.4 Guarantees used for counterparty credit risk: None

10.3.5 Credit derivatives: None

10.3.6 Risks to the central counterparty ("CCT"): None

11. Securitization Positions: None.

12. Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions

The Bank does not perform purchases, sales and custody services in the name of others. The Bank has no fiduciary-based transaction agreements

13. Qualitative explanations on market risk

13.1. Market risk under standardised approach

		30/06/2022	31/12/2021
	Outright products	20,404,228	4,998,996
1	Profit share risk (general and specific)	17,450,157	3,066,259
2	Equity risk (general and specific)	58,481	36,702
3	Foreign exchange risk	792,437	351,879
4	Commodity risk	2,103,153	1,544,156
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	20,404,228	4,998,996

14. Explanations on Business Segments

The Bank operates in Retail Banking, Corporate and Commercial Banking, International Banking sectors.

Corporate and Commercial Banking: to meet the financial needs of the customers', unique cash flow and financial solutions are provided to customers through loans, non-cash loans, foreign trade financing services and similar customized products. Domestic and foreign business opportunities are supported by using different corporate banking instruments to serve the sustainability of the production of entities.

Retail and Enterprise Banking includes fund collection, installment commercial loans, business loans, non cash loans, consumer financing and credit cards. The Bank serves in the range of products areas of profit share accounts creation, banking services, Trade Finance, Checks, POS services, Credit Cards, ATM services, Online Banking and Mobile Banking in these fields.

In International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified "corporate" customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long-term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (forward, swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts Murabaha transactions with foreign banks.

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Specific balance sheet and income statement items according to segments

Current Period 1 January 2022-30 June 2022	Retail Banking	Corporate and Commercial banking	Treasury and international banking	Unallocated	Bank's total operation
Operating income	6,984,108	4,134,719	6,899,669	-	18,018,496
Operating expenses (-)	5,921,513	1,475,527	1,198,913	2,124,236	10,720,189
Transfers between segments	3,854,997	(2,915,433)	(939,564)	-	-
Net operating income(loss)	4,917,592	(256,241)	4,761,192	(2,124,236)	7,298,307
Income from associates	-	-	-	-	-
Income (loss) before tax	4,917,592	(256,241)	4,761,192	(2,124,236)	7,298,307
Provision for taxation (-)	-	-	-	1,476,721	1,476,721
Net income for the period	4,917,592	(256,241)	4,761,192	(3,600,957)	5,821,586
Current Period 30 June 2022					
Segment assets	51,402,820	105,008,723	162,366,686	-	318,778,229
Associates, subsidiaries and joint ventures	-	-	-	1,481,015	1,481,015
Undistributed assets	-	-	-	9,295,149	9,295,149
Total assets	51,402,820	105,008,723	162,366,686	10,776,164	329,554,393
Segment liabilities	223,181,240	52,325,194	19,439,256	-	294,945,690
Undistributed liabilities	-	-	-	13,751,139	13,751,139
Shareholders' equity	-	-	-	20,857,564	20,857,564
Total liabilities	223,181,240	52,325,194	19,439,256	34,608,703	329,554,393
Prior Period 1 January 2021 – 30 June 2021					
Operating income	3,303,525	3,569,439	102,516	-	6,975,480
Operating expenses (-)	2,954,505	883,060	641,773	1,167,165	5,646,503
Transfers between segments	1,500,802	(1,506,727)	5,925	-	-
Net operating income(loss)	1,849,822	1,179,652	(533,332)	(1,167,165)	1,328,977
Income from associates	-	-	-	-	-
Income (loss) before tax	1,849,822	1,179,652	(533,332)	(1,167,165)	1,328,977
Provision for taxation (-)	-	-	-	299,158	299,158
Net income for the period	1,849,822	1,179,652	(533,332)	(1,466,323)	1,029,819
Prior Period 31 December 2021					
Segment assets	37,357,906	77,548,111	130,889,108	-	245,795,125
Associates, subsidiaries and joint ventures	-	-	-	1,481,015	1,481,015
Undistributed assets	-	-	-	6,792,120	6,792,120
Total assets	37,357,906	77,548,111	130,889,108	8,273,135	254,068,260
Prior Period 31 December 2021					
Segment liabilities	175,293,567	36,811,822	23,527,895	-	235,633,284
Undistributed liabilities	-	-	-	7,978,123	7,978,123
Shareholders' equity	-	-	-	10,456,853	10,456,853
Total liabilities	175,293,567	36,811,822	23,527,895	18,434,976	254,068,260

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and Notes Related to Assets

1.1. Information regarding the cash assets and the Central Bank of Republic of Turkey

1.1.1 Cash and balances with the Central Bank of Republic of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	803,709	4,734,166	734,131	5,330,133
The Central Bank of Republic of Turkey	3,006,385	55,417,512	4,620,318	47,690,909
Other (*)	416,203	4,104,621	29,609	7,050,216
Total	4,226,297	64,256,299	5,384,058	60,071,258

(*) As of 30 June 2022, precious metal account amounting to TL 3,345,607 (31 December 2021 - TL 7,050,216) and money in transit amounting to TL 1,175,217 (31 December 2021 - TL 29,609) are presented in this line.

1.1.2 Balances with the Central Bank of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	2,723,555	11,642,559	4,540,821	11,485,379
Unrestricted time deposit	-	-	-	-
Restricted time deposit	282,830	43,774,953	79,497	36,205,530
Total	3,006,385	55,417,512	4,620,318	47,690,909

According to the CBRT's Communiqué on Required Reserves No. 2005/1, banks operating in Turkey; Required reserve ratios for Turkish lira and foreign currency liabilities are determined between 3% and 25% by differentiating according to the maturity of liabilities, and these rates are applied by banks as of the date of the report.

1.2 Information on financial assets at fair value through profit and loss

As of 30 June 2022, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2021 - None).

Positive differences related to marketable derivative financial assets:

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	130,657	10,517	356,312	1,984
Swap transactions	389,570	406,421	694,179	590,879
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	520,227	416,938	1,050,491	592,863

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1.3 Information on Banks

1.3.1. Information on Banks

	Current period		Prior Period	
	TL	FC	TL	FC
Banks	16,548	24,031,764	20,571	14,502,373
Domestic	16,548	8,712,604	20,571	2,723,650
Foreign (*)	-	15,319,160	-	11,778,723
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	16,548	24,031,764	20,571	14,502,373

(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the foreign currency collaterals given for the derivative transactions made by the Bank with foreign banks, which were monitored in the other assets account in the bank balance sheet in the prior periods, started to be monitored in the banks account as of the current period. As of 30 June 2022, the relevant amount is TL 1,493,524.

1.3.2 Information on foreign banks account

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

1.4 Information on financial assets at fair value through other comprehensive income

	Current period	Prior Period
Debt Securities	42,546,243	32,344,629
Quoted on stock exchange	42,546,243	32,344,629
Not quoted on stock exchange	-	-
Share certificates/Investment Funds	27,897	129,187
Quoted on stock exchange	-	105,003
Not quoted on stock exchange	27,897	24,184
Impairment provision (-)	629,841	308,459
Total	41,944,299	32,165,357

1.4.1. Information on Given Collateral or Blocked Financial Assets at Fair Value Through Other Comprehensive Income

As of the balance sheet date, there is given collateral financial assets amounting to TL 13,202,544 (31 December 2021: TL 11,410,139) at fair value through to other comprehensive income

1.4.2. Information on Subject to Repurchase Agreement Financial Assets at Fair Value Through Other Comprehensive Income

As of the balance sheet date, there is repurchase agreement financial assets amounting to TL 255,728 (31 December 2021 – 6,495,137) at fair value through other comprehensive income.

1.5. Explanations on financial assets measured at amortized cost

1.5.1 All types of loans and advances given to shareholders and employees of the Bank

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	9,036	22,781	6,955	21,246
Corporate shareholders	40	22,699	-	21,228
Real person shareholders	8,996	82	6,955	18
Indirect loans granted to shareholders	905,061	17,914	64,316	2,297
Loans granted to employees	43,512	1,824	40,564	1,320
Total	957,609	42,519	111,835	24,863

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1.5.2 Information on Standart Loans, Loans Underclose monitoring and restructured loans under close monitoring:

Current Period-Cash Loans	Standard Loans and Other Receivables	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Loans	136,244,588	6,917,079	3,205,686	-
Export Loans	17,232,316	346,277	-	-
Import Loans	8,696,167	262,875	-	-
Corporation Loans	71,488,464	5,222,213	3,191,373	-
Consumer Loans	13,711,051	376,421	9,481	-
Credit Cards	5,420,026	289,066	4,463	-
Loans given to financial sector	4,694,906	-	-	-
Other	15,001,658	420,227	369	-
Other Receivables	163	524	-	-
Total	136,244,751	6,917,603	3,205,686	-

Prior Period Cash Loans	Standard Loans and Other Receivables	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Loans	100,546,026	4,601,981	3,215,853	-
Export Loans	10,658,321	167,651	-	-
Import Loans	4,064,392	238,568	-	-
Corporation Loans	49,306,746	3,336,152	3,176,331	-
Consumer Loans	12,780,928	351,932	17,082	-
Credit Cards	2,352,871	212,270	21,267	-
Loans given to financial sector	10,112,109	-	-	-
Other	11,270,659	295,408	1,173	-
Other Receivables	339	983	-	-
Total	100,546,365	4,602,964	3,215,853	-

Information on provisions for Standard Qualified and Close Monitored loans and restructured Close Monitored loans:

	Standard Loans Current Period	Loans under close monitoring Current Period	Standard Loans Prior Period	Loans under close monitoring Prior Period
12-Month Expected Loss Provision (*)	4,031,553	-	2,289,434	-
Significant Increase in Credit Risk	-	4,014,062	-	3,503,181
Total	4,031,553	4,014,062	2,289,434	3,503,181

(*) Includes expected credit loss of other financial assets measured at amortized cost amounting TL 7,001 (31 December 2021: 621 TL).

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1.5.3 Distribution of cash loans and other receivables according to their maturities

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

1.5.4 Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	169,398	13,831,271	14,000,669
Real Estate Loans	44,087	10,954,908	10,998,995
Vehicle Loans	51,057	2,148,575	2,199,632
Consumer Loans	40,201	327,209	367,410
Other	34,053	400,579	434,632
Consumer Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	53,606	53,606
Real Estate Loans	-	53,273	53,273
Vehicle Loans	-	-	-
Consumer Loans	-	333	333
Other	-	-	-
Retail Credit Cards-TL	1,591,888	25	1,591,913
With Installment	407,878	25	407,903
Without Installment	1,184,010	-	1,184,010
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	2,256	40,422	42,678
Real Estate Loans	-	3,409	3,409
Vehicle Loans	1,134	20,554	21,688
Consumer Loans	1,122	16,459	17,581
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	44,244	2	44,246
With Installment	18,459	2	18,461
Without Installment	25,785	-	25,785
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	1,807,786	13,925,326	15,733,112

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Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards: (continued)

Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	132,770	12,927,445	13,060,215
Real Estate Loans	32,641	10,534,935	10,567,576
Vehicle Loans	42,993	1,845,143	1,888,136
Consumer Loans	32,401	235,966	268,367
Other	24,735	311,401	336,136
Consumer Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	48,656	48,656
Real Estate Loans	-	48,265	48,265
Vehicle Loans	-	-	-
Consumer Loans	-	391	391
Other	-	-	-
Retail Credit Cards-TL	936,138	70	936,208
With Installment	247,995	70	248,065
Without Installment	688,143	-	688,143
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	2,100	38,971	41,071
Real Estate Loans	49	3,730	3,779
Vehicle Loans	724	18,725	19,449
Consumer Loans	1,327	16,516	17,843
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	24,701	21	24,722
With Installment	10,286	21	10,307
Without Installment	14,415	-	14,415
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	1,095,709	13,015,163	14,110,872

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1.5.5 Information on commercial installment loans and corporate credit cards

Current Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	3,423,296	17,439,698	20,862,994
Business Loans	88,742	2,019,876	2,108,618
Vehicle Loans	2,727,486	10,245,142	12,972,628
Consumer Loans	607,068	5,174,680	5,781,748
Other	-	-	-
Commercial Installment Loans-FC Indexed	10,229	524,722	534,951
Business Loans	10,229	5,281	15,510
Vehicle Loans	-	-	-
Consumer Loans	-	519,441	519,441
Other	-	-	-
Commercial Installment Loans-FC	3,667	1,625,288	1,628,955
Business Loans	-	515,941	515,941
Vehicle Loans	3,667	1,109,347	1,113,014
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	4,077,396	-	4,077,396
With Installment	2,141,808	-	2,141,808
Without Installment	1,935,588	-	1,935,588
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	7,514,588	19,589,708	27,104,296
Prior Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	994,450	11,754,294	12,748,744
Business Loans	32,149	1,793,796	1,825,945
Vehicle Loans	788,312	6,813,277	7,601,589
Consumer Loans	173,989	3,147,221	3,321,210
Other	-	-	-
Commercial Installment Loans-FC Indexed	8,187	515,770	523,957
Business Loans	8,187	17,567	25,754
Vehicle Loans	-	1,028	1,028
Consumer Loans	-	497,175	497,175
Other	-	-	-
Commercial Installment Loans-FC	3,602	1,115,576	1,119,178
Business Loans	-	267,948	267,948
Vehicle Loans	3,602	847,628	851,230
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	1,625,478	-	1,625,478
With Installment	681,084	-	681,084
Without Installment	944,394	-	944,394
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	2,631,717	13,385,640	16,017,357

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1.5.6 Breakdown of loans by users

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1.5.7 Breakdown of domestic and foreign loans

	Current period	Prior period
Domestic loans	142,149,347	106,647,336
Foreign loans	4,218,693	1,717,846
Total	146,368,040	108,365,182

1.5.8 Loans granted to subsidiaries and associates:

	Current period	Prior period
Loans granted directly to subsidiaries and associates	418,023	482,838
Loans granted indirectly to subsidiaries and associates	-	-
Total	418,023	482,838

1.5.9 Specific provisions for loans or default (Third Stage) provisions:

	Current period	Prior period
Loans and receivables with limited collectability	146,678	145,257
Loans and receivables with doubtful collectability	11,012	99,884
Uncollectible loans and receivables	2,942,099	2,542,754
Total	3,099,789	2,787,895

1.5.10 Information on non-performing loans (Net)

1.5.10.1 Information on Loans and Other Receivables Included in Loans under Follow-Up Account, which are Restructured or Rescheduled

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period:			
(Gross Amount Before Specific Provisions)	-	-	684,762
Restructured Loans and Receivables	-	-	684,762
Prior Period:			
(Gross Amount Before Specific Provisions)	-	216	616,947
Restructured Loans and Receivables	-	216	616,947

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1.5.10.2 Information on the movement of total non-performing loans

	Group III	Group IV	Group V
	Loans and	Loans and	Uncollectible
Current Period	receivables with	receivables with	loans and
	limited collectability	doubtful collectability	receivables
Ending balance of prior period 31.12.2021	187,806	163,079	2,724,524
Additions in the current period (+)	221,466	10,764	540,232
Transfers from other categories of non-performing loans (+)	-	179,707	334,708
Transfers to other categories of non-performing loans (-)	179,707	334,708	-
Collections in the current period (-)	1,982	2,592	487,082
Write offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	227,583	16,250	3,112,382
Specific provisions (-)	146,678	11,012	2,942,099
Net balances on balance sheet	80,905	5,238	170,283

	Group III	Group IV	Group V
	Loans and	Loans and	Uncollectible
Prior Period	receivables with	receivables with	loans and
	nited collectability	doubtful collectability	receivables
Ending balance of prior period 31.12.2020	514,908	11,192	2,408,491
Additions in the current period (+)	225,629	174,719	949,711
Transfers from other categories of non-performing loans (+)	2	534,984	538,167
Transfers to other categories of non-performing loans (-)	534,984	538,167	2
Collections in the current period (-)	17,749	19,649	774,057
Write offs (-)(*)	-	-	397,786
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	187,806	163,079	2,724,524
Provisions (-)	145,257	99,884	2,542,754
Net balance at the balance sheet	42,549	63,195	181,770

(*) With the Bank's top management decision, it was decided to take the project/loan of the customers related to the cancellation accounts. The impact of these actions on the NPL rate is 31 basis points

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1.5.10.3 Information on non-performing loans granted as foreign currency loans

	III. Grup	IV. Grup	V. Grup
Current period:			
Ending balance of the current period (*)	70,323	-	665,978
Provision amount (-)	41,102	-	622,586
Net Balance at the balance sheet	29,221	-	43,392
Prior period:			
Ending balance of the current period	4,079	75,537	481,745
Provision amount (-)	2,701	42,827	444,417
Net balance at the balance sheet	1,378	32,710	37,328

(*) IV. Since the customers in the group have no foreign currency risks left, the balance does not appear in the current period.

1.5.10.4 Gross and net amounts of non-performing loans with respect to user groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (Net)	80,905	5,238	170,283
Loans granted to real persons and legal entities (Gross)	227,583	16,250	3,112,382
Specific provision (-)	146,678	11,012	2,942,099
Loans to real persons and legal entities (Net)	80,905	5,238	170,283
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)	42,549	63,195	181,770
Loans to real persons and legal entities (Gross)	187,806	163,079	2,724,524
Specific provision (-)	145,257	99,884	2,542,754
Loans to real persons and legal entities (Net)	42,549	63,195	181,770
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

The Bank has collaterals such as cash, mortgages, pledges, and checks of customer issued for non-performing loans.

1.5.10.5 In terms of financial instrument classes, the aging analysis of past due but not impaired financial assets is as follows

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

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1.5.10.6 Information on profit share accruals, rediscounts and valuation differences computed for non-performing loans and their provision

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period (Net)	4,443	419	18,506
Profit share accruals, rediscount and valuation differences	15,484	1,197	415,392
Provision (-)	11,041	778	396,886

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period (Net)	5,926	5,709	19,648
Profit share accruals, rediscount and valuation differences	42,160	15,327	377,087
Provision (-)	36,234	9,618	357,439

1.5.11 Main guidelines for liquidation process of uncollectible loans and other receivables

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

1.5.12 Information on the write-off policy

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

1.6. Information on financial assets measured at amortised cost

1.6.1 Information on other financial assets measured at amortized cost

	Current Period	Prior Period
Debt Securities	9,149,671	4,798,614
Quoted on a Stock Exchange	9,149,671	4,798,614
Not Quoted	-	-
Expected Loss Provision (-)	7,001	621
Total	9,142,670	4,797,993

1.6.2 Movements of other financial assets measured at amortized cost during the year

	Current Period	Prior Period
Opening Balance	4,798,614	5,931,297
Foreign Exchange Gain/Loss	2,231,172	1,958,263
Purchases During the Year	7,334,592	548,922
Disposals Through Sales and Redemptions	5,214,706	3,639,868
Expected Loss Provision (-)	7,001	621
Total	9,142,671	4,797,993

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1.7 Information on investment in associates (Net)

1.7.1 The 1.49% ownership of the shares of Kredi Garanti Fonu A.Ş. amounting to TL 7,659 (31 December 2021 – TL 7,659), 1.15% ownership of the shares of Islamic International Rating Agency amounting to TL 348 (31 December 2021 – TL 277), Swift shares amounting to TL 4,121 (31 December 2021 – TL 3,567) and 0.0035% ownership of the shares traded in Borsa Istanbul A.Ş. amounting to TL 15 (31 December 2021 – TL 15), 2.86% ownership of the shares of Ulusal Derecelendirme A.Ş. amounting to TL 2,755 (31 December 2021 – TL 2,755), VISA shares amounting to TL 15,761 (31 December 2021 – TL 12,555) are classified as financial assets at fair value through other comprehensive income since the Bank's ownership in these entities is less than 10% and the Parent Bank does not have a significant influence on these entities.

1.7.2 Information about investments in unconsolidated associates: None (31 December 2021 – None).

1.7.3 Information related to consolidated associates: None (31 December 2021 – None).

1.8 Information on subsidiaries (Net)

1.8.1 Although the Bank has control power over the management and capital of its non-financial subsidiaries, Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Ve Tic. A.Ş. and Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş. does not confirm to the definition of financial subsidiary in accordance with "Regulation related to the Preparation of Consolidated Financial Statements by Banks" published in the Official Gazette No. 26340 dated 8 November 2006; hence this subsidiary has not been consolidated.

1.8.2 Information on subsidiaries:

	Title	Address (City/Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1	KT Bank AG (*)	Frankfurt/Germany	100	100
2	Neova Katılım Sigorta A.Ş.	Istanbul/Turkey	100	100
3	KT Kira Sertifikaları Varlık Kiralama A.Ş.	Istanbul/Turkey	100	100
4	KT Sukuk Varlık Kiralama A.Ş.	Istanbul/Turkey	100	100
5	KT Portföy Yönetimi A.Ş.	Istanbul/Turkey	100	100
6	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	75	78.15
7	Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş. (**)	Istanbul/Turkey	100	100
8	Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş. (**)	Istanbul/ Turkey	99.99	99.99

(*) As of 30 June 2022, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations of the country in which this entity operates.

(**) These are the amounts in the statutory financial statements dated June 30, 2022 regulated according to the Turkish Commercial Code

Information on subsidiaries in the order listed above

	Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
1	15,350,338	1,867,892	185,686	-	-	(24,053)	2,799	-
2	5,340,610	1,086,200	36,555	-	-	205,082	113,261	-
3	2,143,178	460	-	-	-	101	40	-
4	716	699	-	-	-	27	10	-
5	56,555	47,464	5,395	-	-	16,074	2,466	-
6	191,988	154,365	64,704	-	-	9,740	1,957	-
7	119,545	97,033	10,037	144	2,834	8,889	33,931	-
8	63,113	54,162	6,289	-	-	432	1,011	-

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Movement regarding the subsidiaries

	Current Period	Prior Period
Balance at the beginning of the year	1,461,015	1,461,015
Movements during the year	-	-
Purchases (*)	-	-
Transfers from subsidiaries	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Impairment	-	-
Capital commitment payments	-	-
Balance at the end of the year(*)	1,461,015	1,461,015
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

Sectoral information on consolidated subsidiaries and the related carrying amounts

	Current period	Prior period
Banks	610,120	610,120
Insurance Companies	751,796	751,796
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,419	75,419
Total	1,437,335	1,437,335

Subsidiaries that are quoted on the stock exchange

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	53,418	53,418
Quoted in Foreign Stock Exchange	-	-
Total	53,418	53,418

1.8.3 Information on capital adequacies of major subsidiaries

The shareholder's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of June 30, 2022 is EUR 108.688.840 (Full amount) and the capital adequacy ratio is 19.5%.

1.9 Information on joint ventures (business partnerships) (Net)

	Bank's share percentage	Total assets	Equity	Total fixed assets	Current period profit/loss	Prior period profit /loss
Katılım Emeklilik ve Hayat A.Ş. (*)	50%	7,994,105	239,439	34,997	58,139	27,838

(*) In accordance with decision of the Bank's Board of Directors on 25 April 2013, Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş. decided to establish the Pension Company in line with main shares. Bank decided to establish that pension company with the equal share amounts with Albaraka Türk Katılım Bankası A.Ş. and that pension company is registered with the trade name "Katılım Emeklilik ve Hayat Anonim Şirketi", 895027 registry numbered dated 17 December 2013 by Istanbul Ticaret Sicil Müdürlüğü.

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1.10 Information on finance lease receivables (Net)

1.10.1 Presentation of remaining maturities of net finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	7,698,815	6,588,852	4,988,502	4,126,747
1 to 4 years	10,440,393	9,700,667	7,038,160	6,705,970
More than 4 years	1,343,282	1,308,331	1,125,718	1,093,218
Total	19,482,490	17,597,850	13,152,380	11,925,935

1.10.2 Net investments in finance leases:

	Current Period	Prior Period
Gross receivable from finance leases	19,482,490	13,152,380
Unearned finance lease income (-)	1,884,640	1,226,445
Unearned finance lease income (-)	-	-
Net Leasing Investment	17,597,850	11,925,935

1.10.3 Information on finance lease contracts

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations until 60 days, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non-performing finance lease receivables amounting to TL 70,056 are included in the non-performing loans in the balance sheet (31 December 2021 – TL 45,706).

1.11 Information on derivative financial assets for hedging purposes

None (31 December 2021 – None).

1.12 Information on Tangible Assets

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1.13 Explanations on Intangible Assets

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1.14 Explanations on investment properties

	Current period	Prior period
Opening Balance	-	24,987
Additions	-	-
Disposals (-), Net	-	24,987
Amortization Cost (-)	-	-
Closing Net Book Value	-	-

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1.15 Information on deferred tax asset

As of 30 June 2022, deferred tax is offset as TL 636,253 in the balance sheet. The deferred tax asset is TL 2,585,410 TL (31 December 2021 – TL 2,086,505) and the deferred tax liability is TL 1,949,157 TL (31 December 2021 – TL 372,930 TL)

	Current period	Prior period
Reserve for employee benefits	125,067	76,744
Retirement pay liability	64,199	44,555
Deferred income	158,222	99,898
Impairment provision for subsidiaries, fixed assets and assets held for sale	-	79
Rediscounts for derivative instruments held for trading	701,714	2,375
TFRS 9 Provisions	1,330,736	781,020
Precious metals valuation difference	-	1,034,507
Difference in valuation of securities	153,627	26,545
Other	51,845	20,782
Deferred tax asset	2,585,410	2,086,505
Derivative transactions valuation differences	(12,946)	(298,868)
Tangible assets valuation differences	(20,251)	(16,535)
Financial assets valuation differences	(1,763,288)	(54,452)
Precious metal valuation difference	(151,371)	(1,877)
Other	(1,301)	(1,198)
Deferred tax liability	(1,949,157)	(372,930)
Deferred tax asset, (net)	636,253	1,713,575

Table of deferred tax asset movement:

	Current period	Prior period
As of 1 January,	1,713,575	748,336
Deferred tax (expense)/income	534,075	239,810
Deferred tax accounted under equity	(1,611,397)	65,066
Deferred tax asset	636,253	1,053,212

1.16 Explanations on assets held for sale and discontinued operations

	Current period	Prior period
Opening Balance	240,891	519,087
Additions	23,730	61,085
Transfers from Tangible Asset	-	-
Disposals (-), Net	127,622	339,281
Transfer to Tangible Assets	-	-
Amortization Cost (-)	-	-
Provision for Impairment (-)	-	-
Closing Net Book Value	136,999	240,891

1.17 Information on other assets

As of balance sheet date, the Bank's other assets amount to TL 7,002,318 (31 December 2021 – TL 3,607,760). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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SECTION FIVE

2. Explanations and Notes Related to Liabilities

2.1 Information on funds collected

2.1.1 Information on maturity structure of funds collected:

Current period	Demand	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	20,731,063	-	-	-	-	-	-	-	20,731,063
II. Real persons profit sharing accounts TL	-	10,363,490	32,935,006	3,126,936	-	2,607,692	840,640	15,217	49,888,981
III. Other current accounts-TL	12,253,948	-	-	-	-	-	-	-	12,253,948
Public sector	401,583	-	-	-	-	-	-	-	401,583
Commercial sector	11,610,697	-	-	-	-	-	-	-	11,610,697
Other institutions	154,234	-	-	-	-	-	-	-	154,234
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	87,434	-	-	-	-	-	-	-	87,434
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	87,387	-	-	-	-	-	-	-	87,387
Participation banks	47	-	-	-	-	-	-	-	47
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	796,682	2,595,736	5,040,518	-	1,436,985	232,732	57	10,102,710
Public sector	-	295	1,128	24	-	42,290	-	-	43,737
Commercial sector	-	630,286	2,368,034	4,962,552	-	1,340,139	232,280	57	9,533,348
Other institutions	-	165,818	218,390	50,076	-	54,473	452	-	489,209
Commercial and other institutions	-	283	8,184	27,866	-	83	-	-	36,416
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	56,920,455	-	-	-	-	-	-	-	56,920,455
VI. Real persons profit sharing accounts-FC	-	15,299,894	17,853,629	1,938,503	-	3,039,280	2,982,661	13,270	41,127,237
VII. Other current accounts-FC	24,077,692	-	-	-	-	-	-	-	24,077,692
Commercial residents in Turkey	20,831,625	-	-	-	-	-	-	-	20,831,625
Commercial residents in Abroad	2,287,263	-	-	-	-	-	-	-	2,287,263
Banks and participation banks	958,804	-	-	-	-	-	-	-	958,804
Central Bank of Republic of Turkey	476,304	-	-	-	-	-	-	-	476,304
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	479,814	-	-	-	-	-	-	-	479,814
Participation banks	2,686	-	-	-	-	-	-	-	2,686
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	914,543	1,756,885	79,963	-	83,921	19,388	-	2,854,700
Public sector	-	53	-	-	-	-	-	-	53
Commercial sector	-	851,166	1,397,668	78,527	-	83,551	19,388	-	2,430,300
Other institutions	-	14,580	89,614	1,413	-	370	-	-	105,977
Commercial and other institutions	-	48,744	269,603	23	-	-	-	-	318,370
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	43,636,065	8,295,976	4,422,600	730,689	-	447,490	15,869	959	57,549,648
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (**)	157,619,223	35,670,585	59,563,856	10,916,609	-	7,615,368	4,091,290	29,503	275,506,434

(*) There are no 7 days notification accounts of the Bank.

(**) As of 30 June 2022, the Bank has a total of TL 15,185,418 (31 December 2021: 763,564 TL) foreign exchange-protected deposit instrument of which TL 15,885,995 (31 December 2021: 1,815,341 TL) opened within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696, 31,071,413 TL (31 December 2021: 2,578,905 TL) opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021. Foreign exchange revaluation differences amounting to TL 2,407,821 TL (31 December 2021: 221,094 TL) regarding the foreign exchange-protected deposit instrument calculated as of the balance sheet date are presented in other assets wider assets and included in deposits under liabilities.

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Prior period	Demand	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	20,546,940	-	-	-	-	-	-	-	20,546,940
II. Real persons profit sharing accounts-TL	-	10,745,047	12,876,588	762,988	-	731,611	784,511	19,753	25,920,498
III. Other current accounts-TL	8,136,092	-	-	-	-	-	-	-	8,136,092
Public sector	266,234	-	-	-	-	-	-	-	266,234
Commercial sector	7,737,101	-	-	-	-	-	-	-	7,737,101
Other institutions	80,279	-	-	-	-	-	-	-	80,279
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	52,478	-	-	-	-	-	-	-	52,478
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	52,114	-	-	-	-	-	-	-	52,114
Participation banks	364	-	-	-	-	-	-	-	364
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	755,578	1,143,078	41,733	-	621,325	130,431	7	2,692,152
Public sector	-	213	987	746	-	24,979	-	-	26,925
Commercial sector	-	635,337	942,782	15,144	-	581,235	129,951	7	2,304,456
Other institutions	-	119,807	199,286	25,843	-	14,993	452	-	360,381
Commercial and other institutions	-	221	-	-	-	118	28	-	367
Banks and participation banks	-	-	23	-	-	-	-	-	23
V. Real persons current accounts-FC	44,673,374	-	-	-	-	-	-	-	44,673,374
VI. Real persons profit sharing accounts-FC	-	14,006,544	17,283,991	1,718,669	-	2,540,789	2,781,541	12,095	38,343,629
VII. Other current accounts-FC	18,373,687	-	-	-	-	-	-	-	18,373,687
Commercial residents in Turkey	16,884,411	-	-	-	-	-	-	-	16,884,411
Commercial residents in Abroad	1,182,519	-	-	-	-	-	-	-	1,182,519
Banks and participation banks	306,757	-	-	-	-	-	-	-	306,757
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	304,614	-	-	-	-	-	-	-	304,614
Participation banks	2,143	-	-	-	-	-	-	-	2,143
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	1,398,089	2,602,027	100,178	-	73,866	73,564	-	4,247,724
Public sector	-	54	-	-	-	-	-	-	54
Commercial sector	-	1,295,745	2,182,976	99,152	-	73,526	73,564	-	3,724,963
Other institutions	-	46,632	135,953	1,006	-	340	-	-	183,931
Commercial and other institutions	-	55,658	283,098	20	-	-	-	-	338,776
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	36,383,140	7,765,461	3,919,840	667,511	-	419,769	15,572	-	49,171,293
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	128,113,233	34,670,719	37,825,524	3,291,079	-	4,387,360	3,785,619	31,855	212,105,389

(*)There are no 7 days notification accounts of the Bank.

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2.1.2 Information's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund

2.1.2.1 Current and Participation Accounts Attributable to Real Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	Prior period	Current period	Prior period
Real persons current and profit-sharing accounts that are not subject to commercial activities				
TL accounts	32,769,448	24,964,865	37,837,718	21,500,880
FC accounts	51,097,400	39,675,693	102,225,045	86,313,956
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real persons and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 200 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411 which issued in official gazette no. 25893 on 1 November 2005.

2.1.2.2 If the headquarters of the Bank is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained:

The headquarters of the Bank is in Turkey.

2.1.2.3 Current and Profit Share Accounts of the real persons who are not in the scope of Saving Deposits Insurance Fund:

The Bank has no current or profit-sharing accounts which are not under the guarantee of the Saving Deposit Insurance Fund except for the current and profit-sharing accounts of shareholders, member of Board of Directors, CEO, the Vice Presidents and their first-degree relatives.

	Current Period	Prior Period
Foreign branches' profit-sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit-sharing accounts of their mother, father, spouse and children in care	29,682	12,955
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

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2.2 Information on derivative financial liabilities held for trading

Derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	86,740	10,118	130,125	2,718
Swap transactions	62,783	716,983	62,773	62,297
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	149,523	727,101	192,898	65,015

2.3. Information on funds borrowed

2.3.1 Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from The Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks and Institutions	2,405,737	112,962	4,785,462	132,958
From Foreign Banks, Institutions and Funds	-	5,234,764	10,000	3,393,554
Total	2,405,737	5,347,726	4,795,462	3,526,512

2.3.2 Information on maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	2,405,737	2,779,894	4,741,450	1,493,156
Medium and Long-Term	-	2,567,832	54,012	2,033,356
Total	2,405,737	5,347,726	4,795,462	3,526,512

2.3.4 Explanations related to the concentrations of the Bank's major liabilities

Most of the bank's loans consist of foreign currency loans. There is no risk concentration of the Bank's current and profit-sharing accounts.

2.4 Information on other liabilities and miscellaneous payables

As of 30 June 2022, other liabilities amount to TL 3,083,790 (31 December 2021 – TL 1,672,968), sundry creditors amount to TL 5,330,588 (31 December 2021 - TL 2,703,783), both of them do not exceed 10% of the balance sheet total.

2.5 Information on finance lease payables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	22,592	21,213	16,612	15,818
1 to 4 years	12,133	10,102	53,739	44,592
More than 4 years	617,980	407,374	451,837	291,965
Total	652,705	438,689	522,188	352,375

Bank used FTP (Fund Transfer Pricing) rates as an alternative borrowing rate of profit at 1 January 2019. Relevant ratios are revised and revised in 2-week periods after 1 January 2019. The change in Participation Bank payments uses an unmodified discount rate unless the variable profit share rate is related. If the change in the lease payments results from variable profit share rates (LIBOR, EURIBOR), the lessee used a revised discount rate reflecting changes in the profit share rate.

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2.5.1. Explanations on contract changes and the new obligations these changes bring to the Bank

None (31 December 2021 – None).

2.5.1.1. Explanations on financial leasing obligations

None (31 December 2021 – None).

2.5.1.2. Explanations on operating lease

Leasing is classified as an operating lease in which the lessor holds all the risks and benefits of that asset. Such transactions include lease agreements belonging to branches, which can be cancelled with prior notice.

There are no significant obligations imposed by the changes in the contract related to the operating lease to the Bank.

The bank registers its lease payments based on operating lease agreements with equal amounts of expenses during the lease term.

2.6 Information on hedging derivative financial liabilities

None (31 December 2021 – None).

2.7 Information on provisions

2.7.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 30 June 2022, foreign currency indexed loans amounting to TL 0 (December 31, 2021 – TL 50) for loans and TL 0 for financial lease receivables (December 31, 2021 – TL 7) are offset from foreign currency depreciation of loans and leasing receivables.

2.7.2 Information on other provisions

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified converted into cash	585,112	522,425
General Provisions for non-cash loans	595,153	486,379
Provision for profits will be allocated to participation accounts	978,103	678,145
Credit cards of banking services applications	11,776	957
Other (*)	302,125	182,165
Total	2,472,269	1,870,071

(*) The other item is mainly collected from customers in the current period in case of TL 205,522 (31 December 2021 – TL 101,360) TL 10,935 (31 December 2021 – TL 9,395) expense provision, TL 71,164 (31 December 2021 – TL 63,404) for the part of the delay penalty amounts collected from customers calculated as refundable within 5 years and the other equivalent of TL 14,504 (31 December 2021 – TL 8,006).

2.7.3 Information on provisions for employee benefits

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 256,798 (31 December 2021 – TL 221,639), vacation pay liability amounting to TL 42,764 (31 December 2021 – TL 1,196), performance premium amounting to TL 298,447 (31 December 2021 – TL 201,534), retirement bonuses on payment of TL 130,307 (31 December 2021 – TL 130,241), committee fee amounting to TL 28,750 (31 December 2021 – TL 17,256) and other fees amounting to TL 549 (31 December 2021 – TL 438).

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

The compensation to be paid is up to one month's salary for each service year and this amount is limited to 10,848.59 TL (full TL amount) (31 December 2021 - 8,284.51 TL (full TL amount)). The liability is not funded, as there is no funding requirement.

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The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	19.10	19.10
Inflation rate (%)	15.80	15.80
Salary increase rate (%)	25.00	25.00

Movements in the reserve for employment termination benefits during period are as follows:

	Current Period	Prior Period
Balance at the beginning of the period	221,639	181,746
Provisions recognized during the period	43,571	49,512
Paid during the period	(8,412)	(10,687)
Actuarial loss	-	1,068
Balances at the end of the period	256,798	221,639

2.8 Explanations on tax liability

2.8.1 Explanations on current tax liability

2.8.1.1 Information on tax provisions: 2,106,877 (31 December 2021 - TL 1,158,997)

2.8.1.2 Information on taxes payable (*)

	Current Period	Prior Period
Taxation of marketable securities	26,835	30,189
Taxation of immovable property	2,839	2,347
Banking Insurance Transaction Tax (BITT)	76,796	54,819
Foreign Exchange Transaction Tax	31,020	103,722
Value Added Tax Payable	4,678	9,482
Income tax deducted from wages	23,392	17,938
Other	2,654	2,078
Total	168,214	220,575

2.8.1.3 Information on premiums (*)

	Current Period	Prior Period
Social Insurance Premiums-Employee	15,181	10,527
Social Insurance Premiums-Employer	16,569	11,333
Unemployment insurance-Employee	1,084	751
Unemployment insurance-Employer	2,325	1,628
Other	524	-
Total	35,683	24,239

(*) Included in other liabilities in the balance sheet.

2.8.1.4 Information on deferred tax liability

None (31 December 2021 - None).

2.9 Information on payables related to assets held for sale

None (31 December 2021 - None).

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2.10 Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	10,167,480	-	8,100,496
Total	-	10,167,480	-	8,100,496

2.11 Information on shareholders' equity

2.11.1 Presentation of paid-in capital

	Current Period	Prior Period
Common shares	4,600,000	4,600,000
Preference shares	-	-
Repurchased shares amount (*)	(4,869)	(4,869)
Total	4,595,131	4,595,131

(*) It represents the Bank's acquisition of its own shares as a result of the Bank's shareholders not using their right of preference according to the commitment made in the capital increase in the Bank.

2.11.2 Amount of Paid-in Capital, Disclosure on whether the Bank Applies the Registered Share Capital System, and, if so, the Ceiling Amount of the Registered Share Capital:

Registered capital system is not applied in the Bank.

2.11.3 Information on the share capital increases during the period and their sources, other information on increased capital shares in the current period

None.

2.11.4 Information on share capital increases from capital reserves during the current period

None.

2.11.5 Possible effect of estimations made for the Bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties

Based on the evaluation made considering the Bank's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

2.11.6 Summary of privileges given to shares representing the capital

None (31 December 2021 - None).

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2.11.7 Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	5,263,957	(427,210)	57,132	(65,917)
Foreign Exchange Difference	-	-	-	-
Total	5,263,957	(427,210)	57,132	(65,917)

(*) Valuation difference is calculated taking the tax effect of the rent certifications in the account, which are classified as "Government Debt Securities" and "Other Marketable Securities" under financial assets at fair value through other comprehensive income in the balance sheet.

2.12 Information on minority shares

None (31 December 2021 – None).

3. Explanations and Notes Related to Off-Balance Sheet Contingencies and Commitments

3.1. Explanations on off-balance sheet accounts

3.1.1 Types and amounts of irrevocable commitments: Commitment for credit card limits, as of 30 June 2022 amounts to TL 8,324,816 (31 December 2021 – TL 5,278,441); payment commitments for cheque books amounts to TL 2,303,816 (31 December 2021 – TL 1,750,116).

3.1.2 Types and amounts of probable losses and obligations arising from off-balance sheet items including below items

3.1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits

As of 30 June 2022, the Bank has guarantees and surety ships constituting of TL 17,437,146 (31 December 2021 – TL 11,846,585) of letters of guarantee; TL 137,987 (31 December 2021 – TL 113,683) of acceptances and TL 6,168,206 (31 December 2021 – TL 4,521,120) of letters of credit. Also, the Bank has other acceptances amounting to TL 1,566,160 (31 December 2021 – TL 912,257).

3.1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

There are no other than those explained in 2.i.).

3.1.3 Total amount of non-cash loans:

	Current period	Prior period
Non-cash loans given against cash loans	81,271	74,766
With original maturity of 1 year or less	81,271	74,766
With original maturity of more than 1 year	-	-
Other non-cash loans	25,228,228	17,318,879
Total	25,309,499	17,393,645

3.1.4 Information on sector-based risk concentration in non-cash loans

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

3.1.5 Information on non-cash loans classified in Stage I and II

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

3.2 Explanations on derivative transactions

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

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3.3 Explanations on credit derivatives and their risks

None.

3.4 Explanations on contingent liabilities and assets

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

3.5 Explanations on services provided to other names and accounts

None.

3.6 Summary information on the rating of the bank to international rating agencies

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

4. Explanations and Notes Related to the Statement of Income

4.1 Information on profit share income

4.1.1 Information on profit share received from loans

	Current period		Prior period	
	TL	FC	TL	FC
Profit share on loans	6,455,127	1,324,762	3,194,968	581,453
Short term loans	2,843,559	500,591	900,369	83,449
Medium and long-term loans	3,454,131	778,106	2,105,563	472,339
Profit share on non-performing loans	157,437	46,065	189,036	25,665
Premiums received from resource utilization support fund	-	-	-	-
Total	6,455,127	1,324,762	3,194,968	581,453

4.1.2 Information on profit share received from banks

	Current period		Prior period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey	96,729	-	83,965	-
Domestic Banks	24,160	-	-	-
Foreign Banks	-	52,004	5,007	43,070
Branches and head office abroad	-	-	-	-
Total	120,889	52,004	88,972	43,070

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4.1.3 Information on profit share income from securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit or Loss	77,851	180,661	37,609	77,264
Financial Assets at Fair Value Through Other Comprehensive Income	4,568,108	362,766	1,236,361	196,624
Financial Assets valued at Amortized Cost	-	252,759	-	47,671
Total	4,645,959	796,186	1,273,970	321,559

As stated in footnote 7.2 of Section Three, the Bank's portfolio of financial assets securities whose fair value difference is reflected in other comprehensive income includes government sukus indexed to CPI, whose real coupon rates for 6 months remain constant throughout the term. As of January 1, 2022, indices calculated considering the estimated inflation rate have been used as the inflation index on the balance sheet date used in the valuation of such assets. The estimated inflation rate used is updated when necessary during the year. As of June 30, 2022, the valuation of these assets was based on the annual inflation forecast of 75% (October 2021-October 2022). In 2021, the valuation of these assets was made according to the inflation rates realized. If the specified forecast change for these assets indexed to CPI had not been made, more profit share income of TL 2,509,107 would have been accounted for in the income statement.

4.1.4 Information on profit share income received from associates and subsidiaries

	Current Period	Prior Period
Profit share income received from associates and subsidiaries	16,159	22,988

4.2 Information on profit share expenses

4.2.1 Information on profit share given to loans used

	Current period		Prior period	
	TL	FC	TL	FC
Banks	118,461	73,638	12,723	67,309
The Central Bank of the Republic of Turkey	96,729	-	-	-
Domestic banks	20,073	2,098	9,786	1,198
Foreign banks	1,659	71,540	2,937	66,111
Branches and head office abroad	-	-	-	-
Other Institutions	269,002	378,646	296,862	231,980
Total	387,463	452,284	309,585	299,289

4.2.2 Profit share expense given to associates and subsidiaries

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	169,322	242,883

4.2.3 Profit share expense paid to securities issued

None (1 January – 30 June 2021 None).

4.3 Information on dividend income

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4.4 Distribution of profit share on funds based on maturity of funds

Current period		Profit Sharing Accounts						
Account name	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year	Accumulat ed profit-sharing accounts	Total
TL								
Collected funds from banks through current and profit share accounts	-	2	-	-	-	-	-	2
Real person’s non-trading profit sharing Account	787,319	1,909,195	172,619	-	116,821	58,293	1,017	3,045,264
Public-sector profit-sharing account	23	85	33	-	122	-	-	263
Commercial sector profit sharing account	48,069	120,794	285,949	-	7,209	905	-	462,926
Other institutions profit sharing account	11,019	16,038	5,199	-	499	36	-	32,791
Total	846,430	2,046,114	463,800	-	124,651	59,234	1,017	3,541,246
FC								
Banks	-	-	-	-	-	-	-	-
Real person’s non-trading profit sharing account	55,639	66,729	6,879	-	12,664	13,139	76	155,126
Public-sector profit-sharing account	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	3,036	6,432	325	-	129	26	-	9,948
Other institutions profit sharing account	348	1,418	6	-	1	-	-	1,773
Precious metal accounts	5,579	2,990	520	-	324	-	-	9,413
Total	64,602	77,569	7,730	-	13,118	13,165	76	176,260
Grand Total								
	911,032	2,123,683	471,530	-	137,769	72,399	1,093	3,717,506
Prior period		Profit Sharing Accounts						
Account name	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year	Accumulated profit-sharing accounts	Total
TL								
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-	-
Real person’s non-trading profit sharing account	495,500	606,218	31,767	-	39,319	48,677	1,283	1,222,764
Public sector profit-sharing account	17	54	45	-	17	-	-	133
Commercial sector profit sharing account	36,997	57,991	1,163	-	996	652	-	97,799
Other institutions profit sharing account	6,752	10,926	755	-	409	30	-	18,872
Total	539,266	675,189	33,730	-	40,741	49,359	1,283	1,339,568
FC								
Banks	-	-	-	-	-	-	-	-
Real person’s non-trading profit sharing account	29,967	38,134	4,006	-	6,548	8,192	38	86,885
Public sector profit-sharing account.	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	2,613	5,201	159	-	118	34	-	8,125
Other institutions profit sharing account	210	909	3	-	4	-	-	1,126
Precious metal accounts	3,862	1,840	261	-	204	-	-	6,167
Total	36,652	46,084	4,429	-	6,874	8,226	38	102,303
Grand Total								
	575,918	721,273	38,159	-	47,615	57,585	1,321	1,441,871

4.5 Information on trading income/loss (Net)

	Current period	Prior period
Trading Profit/Loss(Net)	2,422,754	7,145
Income Profit	252,740,541	41,664,208
Gain on capital market transactions	227,805	65,750
Gain on derivative financial instruments	6,307,964	4,717,800
Foreign exchange profit	246,204,772	36,880,658
Losses (-)	(250,317,787)	(41,657,063)
Losses on capital market transactions	(1,032)	(10,506)
Losses on derivative financial instruments	(5,652,183)	(3,737,574)
Foreign exchange losses	(244,664,572)	(37,908,983)

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4.6 Information on other operating income

The details of other operating income are presented below. There are no unusual items in the other operating income which materially affect the income of the Bank.

	Current Period	Prior Period
Reversal of prior period provisions	491,441	423,865
Cancellations of Provisions from Profits to be Distributed to Participation Accounts	48,413	232,179
Income from sales of assets	283,466	62,455
Rental income	2,474	5,468
Other Income	12,412	13,662
Total	838,206	737,629

4.7 Provisions for loan losses and other receivables of the Bank

	Current Period (*)	Prior Period(*)
Expected Credit Loss	3,194,669	1,709,142
12 month expected credit loss (Stage 1)	1,911,213	203,995
Significant increase in credit risk (Stage 2)	556,044	1,046,386
Non-performing loans (Stage 3)	727,412	458,761
Marketable Securities Impairment Expense	34,270	1,840
Financial Assets at Fair Value through Profit or Loss	34,270	1,840
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment losses from Associates, Subsidiaries and Jointly Controlled Entities	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	290,105	34,791
Total	3,519,044	1,745,773

(*) Includes the provisions in the "Other Provision Expenses" line in the Income Statement.

(**) Includes provisions that can be allocated from profit to be distributed to participation accounts according to provisions regulation.

4.8 Information on other operating expenses

	Current Period	Prior Period
Provision for retirement pay liability	35,159	23,959
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	141,778	115,717
Impairment Expenses of intangible fixed assets	-	-
Depreciation expenses of intangible assets	39,099	23,749
Depreciation expenses of assets held for sale	-	-
Other operating expenses	447,091	189,744
Lease Expenses Regarding TFRS 16 Exemptions	391	393
Maintenance expenses	79,779	37,562
Advertisement expenses	33,855	12,071
Communication expenses	55,268	36,510
Heating, electricity and water expenses	40,690	13,096
Cleaning expenses	5,881	4,505
Vehicle expenses	15,055	5,058
Stationery expenses	15,358	5,481
Other expenses	200,814	75,068
Losses on sales of assets	1,775	3,482
Deposit insurance fund expenses	295,411	209,251
Other	171,330	113,233
Total	1,131,643	679,135

(*) In the Income Statement, the prior period Severance Provision is classified in the line "Personnel Expenses".

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4.9 Information on profit/loss from continued and discontinued operations before taxes

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

4.10 Information on tax provision for continued and discontinued operations

Current period tax provision for the period amounting to TL 2,010,796 (1 January-30 June 2021 - TL 528,304), deferred tax income of TL 1,210,007 (1 January-30 June 2021 – TL 20,366) and TL 1,744,082 (1 January-30 June 2021 - TL 249,512) deferred tax expense is recognized.

4.11 Information on net income/loss from continued and discontinued operations

There is no profit/loss arising from discontinued operations within the operating profit/loss after tax.

4.12 Information on net income/loss

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

As of 30 June 2022, net profit share income is TL 9,492,947 (1 January-30 June 2021 – TL 3,444,774), net fees and commission income is TL 482,292 (1 January-30 June 2021 – TL 255,775).

4.12.2 Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods:

None (1 January – 30 June 2021 – None).

4.12.3 Profit/Loss attributable to minority interest:

None (30 June 2021 – None).

4.13 Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement:

As of 30 June 2022, other fees and commissions received is TL 928,098 (1 January – 30 June 2021 – TL 405,223), TL 305,979 of this amount is related with credit card fees and commissions (1 January – 30 June 2021 – TL 120,796) and TL 177,704 of this amount is related with POS machine commissions (1 January – 30 June 2021 – TL 85,682).

As of 30 June 2022, other fees and commissions given is TL 537,338 (1 January – 30 June 2021 – TL 217,570), TL 213,379 (1 January – 30 June 2021 – TL 94,512) of this amount is related with POS clearing commissions and installation expenses, TL 70,641 (1 January – 30 June 2021 – TL 29,161) of this amount is related with fees and commissions paid for credit cards.

5. Explanations and Notes Related to Statement of Changes in Shareholders' Equity

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

6. Explanations and Notes Related to Statement of Cash Flows

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7. Explanations and notes related to risk group of the Bank

7.1 The volume of transactions related to the risk group of the Bank, the loans and funds collected which have not been completed at the end of the period and the income and expenses related to the period

Current period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group(*)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	482,838	40,601	6,955	21,246	64,316	2,297
Balance at end of period	418,023	47,761	9,036	22,781	905,061	17,914
Profit share and commission income	653	31	426	107	2,905	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

Prior period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group(*)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	185,615	21,015	4,695	6,709	54,992	6,632
Balance at end of period	482,838	40,601	6,955	21,246	64,316	2,297
Profit share and commission income	428	234	526	145	4,362	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

7.2 Information on current and profit-sharing accounts of the Bank's risk group

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group(*)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit-sharing accounts						
Balance at beginning of period	137,443	63,485	104,748	58,677	348,052	203,570
Balance at end of period	132,433	137,443	130,135	104,748	429,489	348,052
Profit share expense	2,140	837	1,900	558	83	149

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

7.3 Forward and option agreements and other similar agreements with the risk group of the Bank

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group(*)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value through Profit or Loss						
Balance at beginning of period	758,268	240,454	1,992,498	716,065	-	-
Balance at end of period	1,446,911	758,268	1,414,350	1,992,498	-	-
Total Profit / Loss	69,828	94,465	20,755	(9,596)	-	-
Hedging Transactions	-	-	-	-	-	-
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

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7.4 Information on loans received from the Bank's risk group

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Borrowings						
Balance at beginning of period	13,143,066	11,474,110	270,055	1,481,347	-	-
Balance at end of period	9,364,864	13,143,066	840,179	270,055	-	-
Profit share expense	202,612	242,046	7,313	1,244	-	-

7.5 Information on remunerations provided to top management

Subordinated additional capital (Tier-I) sukuks amounting to USD 200,000,000 (full amount) executed by the Bank on 16 July 2019 and USD 50,000,000 (full amount) executed by the Bank on 28 September 2020 are provided by Kuwait Finance House. Kuwait Finance House owns USD 35,000,000 (full amount) of the subordinated additional capital (Tier-II) sukuk amounting to USD 350,000,000 (full amount) executed by the Bank on 16/09/2021.

7.6 Information on remunerations provided to top management

As of 1 January - 30 June 2022, the Bank has paid TL 107,824 to top management (1 January – 30 June 2021- TL 65,824).

8. Information about the branches of the Bank in domestic, foreign and coastal banking regions and their representative offices abroad

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the financial statements about disclosures to be announced to public by the banks.

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9. Significant events and matters arising subsequent to balance sheet date

On July 6, 2022, the Bank issued sukuk with a nominal value of TL 30,000 and a maturity of 86 days with a cost of 19.73% through KT Kira Sertifikaları Varlık Kiralama A.Ş.

On July 7, 2022, the Bank issued sukuk with a nominal value of TL 50,000 and a maturity of 43 days with a cost of 21.70% through KT Kira Sertifikaları Varlık Kiralama A.Ş.

On July 19, 2022, the Bank issued sukuk with a nominal value of TL 35,000 and a maturity of 38 days with a cost of 21.70% through KT Kira Sertifikaları Varlık Kiralama A.Ş.

On July 20, 2022, the Bank issued sukuk with a nominal value of TL 250,000 and a maturity of 77 days with a cost of 20.96% through KT Kira Sertifikaları Varlık Kiralama A.Ş.

On July 26, 2022, the Bank issued sukuk with a nominal value of TL 300,000 and a maturity of 77 days with a cost of 21.70% through KT Kira Sertifikaları Varlık Kiralama A.Ş.

On July 29, 2022, the Bank issued sukuk with a nominal value of TL 250,000 and a maturity of 90 days with a cost of 21.70% through KT Kira Sertifikaları Varlık Kiralama A.Ş.

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SECTION SIX

OTHER EXPLANATIONS

1. **Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet:** None.

SECTION SEVEN

LIMITED REVIEW REPORT

1. **Explanations on the limited review report:**

The unconsolidated financial statements have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated 9 August 2022 is presented preceding the financial statements.

2. **Notes and disclosures prepared by the independent auditor:** None.

SECTION EIGHT

INTERIM ACTIVITY REPORT

1. **Explanations on interim annual report including the evaluations of interim activities of the Chairman of the Board of Directors and General Manager:**

- 1.1 **About Kuveyt Türk**

Kuveyt Türk Katılım Bankası A.Ş. ("The Bank") was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

As of 30 June 2022, 62.24% of the Bank's shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

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1.2 Financial Informations Summary:

UNCONSOLIDATED BALANCE SHEET	30.06.2022	31.12.2021
CASH BALANCES AND CENTRAL BANK	68,482,596	65,455,316
BANKS	24,048,312	14,522,944
SECURITIES	68,853,357	49,149,619
LOANS AND RECEIVABLES	149,724,255	111,440,591
FINANCE LEASE RECEIVABLES (Net)	17,597,850	11,925,935
EXPECTED LOSS PROVISIONS (-)	11,145,404	8,580,510
TANGIBLE ASSETS (Net)	1,373,784	1,222,598
OTHER ASSETS	10,619,643	8,931,767
TOTAL ASSETS	329,554,393	254,068,260
FUND COLLECTED	275,506,434	212,105,389
FUNDS BORROWED	7,753,463	8,321,974
MARKETABLE SECURITIES ISSUED (Net)	-	-
FINANCE LEASE PAYABLES (Net)	438,689	352,375
SUBORDINATED LOANS	10,167,480	8,100,496
OTHER LIABILITIES	14,830,763	14,731,173
EQUITY	20,857,564	10,456,853
TOTAL LIABILITIES	329,554,393	254,068,260
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS	30.06.2022	30.06.2021
PROFIT SHARE INCOME	14,061,110	5,788,139
PROFIT SHARE EXPENSE	4,568,163	2,343,365
NET PROFIT SHARE INCOME/EXPENSE	9,492,947	3,444,774
NET FEES AND COMMISSION INCOME/EXPENSE	482,292	255,775
PERSONNEL EXPENSES	1,288,004	697,281
DIVIDEND INCOME	799	5,843
NET TRADING INCOME / LOSS	2,422,754	7,145
OTHER OPERATING INCOME	838,206	737,629
EXPECTED CREDIT LOSS (-)	3,194,669	1,709,142
OTHER PROVISION EXPENSES (-)	324,375	36,631
OTHER OPERATING EXPENSES (-)	1,131,643	679,135
INCOME/ LOSS BEFORE TAX	7,298,307	1,328,977
TAX CHARGE	1,476,721	299,158
CURRENT PERIOD INCOME/LOSSES	5,821,586	1,029,819
RATIOS	30.06.2022	31.12.2021
Total Loans/Total Assets*	50.77%	48.56%
Total Loans/Fund Collected*	60.73%	58.16%
Average Equity Profit **	74.36%	28.96%
Average Assets Profit **	3.99%	1.40%
Capital Adequacy Ratio	22.71%	21.26%

* Finance Lease Receivables is included in total loans.

** Related ratios calculated by included in interim periods' profit amounts to year-end balances.

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1.3 Message from the Chairman

Dear Shareholders,

After two years of pandemic, the devastating effects of Russia's invasion of Ukraine on global economic stability continue. High inflation caused by the expansionary monetary policies of central banks during the pandemic; Economic embargoes on Russia, disruptions in supply chains and high volatility in commodity and energy markets deepened the risk of inflation and brought the risk of a global recession to the markets' agenda. We are living in a period in which policymakers are being tested as central banks are adversely affected by a series of new shocks, such as the prudent interest rate hike and balance sheet reduction plans to control inflation and the expectations of economic recovery and normalization of the markets in 2022-2023, the Russia-Ukraine war and the production and trade areas closed under China's zero-Covid policies. U.S. consumer prices rose 9.1% year-on-year in June, hitting a 40-year high, while an 8.6% rise in the euro area was a historic high. Inflation rates, which saw historic highs, necessitated faster and tougher steps to be taken by the US Central Bank (FED), which announced at the beginning of the year that it would raise interest rates at meetings during the year, and the European Central Bank (ECB), which announced that it would end asset purchases and start interest rate hikes in the third quarter. While the Fed raised interest rates by 75 basis points at its June meeting, which Jerome Powell described as "unusually high," the ECB raised its benchmark rate by 50 basis points for the first time in 11 years, above market expectations. Especially when the central banks of developed countries are trying to convince the markets that they will take all the necessary actions to combat inflation, the risk of recession and serious stagflation risks arise according to the course of the war and China's covid policies.

The Organisation for Economic Co-operation and Development (OECD), which states that the situation in which war will evolve will show how low economic growth will be and how high inflation will be, revised its previous growth forecasts negatively in its June 2022 Economic Outlook Report, emphasizing that macro- and micro-level low-income groups will be affected worse by this crisis. The OECD, which lowered its 2022 world economic growth forecast to 3% from 4.3% in its 2021 year-end projection, doubled its 2022 inflation forecast to 9%. The fact that Russia and Ukraine account for 20% of world wheat exports, 15% of corn exports and 20% of various fertilizer minerals and natural gas has caused the OECD to define a possible food crisis as the top priority risk to be prevented.

In its June Global Economic Expectations Report, the World Bank pointed to similar risks, noting that high inflation and slow growth are experienced at the same time, and that even if the danger of a global recession is overcome, the threat of stagflation may persist for several years unless a serious improvement in supply is achieved. The World Bank, which revised its 2022 year-end growth forecasts negatively, lowered its global growth forecast to 2.9% from 4.1% in January. While the report stated that the destructive effects of inflation and supply shortages on emerging economies would be higher, it was emphasized that hawkish policies to be implemented by developed central banks could deepen the risks.

In the current 2022 activity period, our expert, well-trained, dedicated, young and dynamic employees are the carrier force of our successes. I would like to thank all our employees who contributed to our success and our stakeholders who never withheld their support.

Regards,

Hamad Abdulmohsen ALMARZOUQ

Head of the BOD

Kuveyt Türk Katılım Bankası

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1.4 Message from the General Manager

Dear Shareholders,

The global economy remained fragile in the first half of 2022. Geopolitical risks, which increased immediately after the global pandemic, which has been the main agenda item for a while, have deepened the high inflation, commodity prices and supply chain disruptions that came with the outbreak. The Russia-Ukraine war, which we hope will end as soon as possible, has disrupted the post-pandemic normalization agendas of both developed and developing countries, and policymakers have faced a series of new risks. In addition to the deterioration in energy, commodity pricing and supply chain caused by the war, the monetary expansion policies of the developed central banks during the epidemic period have significantly deepened the global inflation risk. In this period when expectations and targets are deteriorating, policymakers are trying to control the increase in price levels by protecting them from a global recession.

Kuveyt Türk, which has been providing interest-free financial services to its customers for 32 years with the products and services it has developed in line with the principles of participation finance, continued its steady growth by increasing its profitability in the second quarter of 2022 and increased its net profit by 465% compared to the same period last year to TL 5 billion 821 million. Kuveyt Türk's collected fund size increased by 30% YoY to TL 275 billion 506 million compared to 2021, while the size of funds disbursed increased by 36 percent to TL 167 billion 322 million. Having increased its shareholders' equity to TL 20 billion 858 million and its asset size to TL 330 billion, Kuveyt Türk maintained its 10th place in the banking sector while consolidating its first place among participation financial institutions in terms of asset size.

Kuveyt Türk, which considers respecting nature and the environment as a necessity of participation finance, has been supporting green and social projects since the first day it was founded. As Kuveyt Türk, we are happy to be the first participation financial institution to receive a Zero Waste Certificate as a result of the audits carried out by the Provincial Directorates of Environment and Urbanization affiliated to the Ministry of Environment, Urbanization and Climate Change by fulfilling all the necessary criteria for the Zero Waste Certificate at both the Headquarters in Istanbul and the Kuveyt Türk Banking and Life Base in Kocaeli. The Global Sustainable Tier 2 Capital-Like Sukuk Issuance, which we realized for the first time in the world last year, was also deemed worthy of the 'Transaction of the Year' award by Bonds, Loans & Sukuk Middle East, one of the organizations organized by FC Media, one of the leading broadcasters of the financial markets, in various parts of the world on a global scale and by Islamic Finance News (IFN), one of the leading publications of the financial markets. We will continue our efforts in this field by believing that competition in the field of sustainability is the best competition.

With its strong capital and liquidity structure, high asset quality, dynamic corporate governance approach, continuous development-oriented customer service model, ongoing investments in the field of technology, accelerated digital transformation efforts and overseas expansion, Kuveyt Türk aims to continue to be the leading institution of the participation finance sector in Turkey in the coming period.

Regards,

Ufuk UYAN

Member of BOD and General Manager

Kuveyt Türk Katılım Bankası

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1.5 Financial Position, Performance and Assessment of the Prospects for the Future

As of 30 June 2022, unconsolidated financial statements asset size is TL 329 billion 554 million, amount of the utilization of funds is TL 167 billion 332 million and funds collected amount is TL 275 billion 506 million. Due to the effect of the first six months' profit of TL 5 billion 882 million thousand, the ratio of shareholder equity increased 99.46% by reaching TL 20 billion 858 million. As of 30 June 2022, unconsolidated capital adequacy ratio has been realized as 22.71%.

The expectations for growth and profitability will continue in the development line.

1.6 Announcement Regarding Important Developments within 6 Months

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a total nominal value of 2 billion 700 million TL, with a minimum 15.78% and a maximum 21.21% cost in different maturity brackets in twelve separate transactions.

1.7 Assessment of the Expectations Related to the Subsequent Interim Period

The realization of price increases above the expected inflation rates caused by the Russia-Ukraine War has caused us to enter a period in which both developed and developing central banks have increased their appetite for interest rate hikes. While the expansionary monetary policies of the epidemic period, the economic embargoes imposed on Russia, the disruptions in the supply chain and the high volatility in the commodity and energy markets deepen the inflation risk, the decisions of policy makers against the risk of a possible recession in the fight against inflation and the effects of these risks on our country and global markets will continue to be closely monitored.