Türkiye Garanti Bankası Anonim Şirketi
and Its Financial Subsidiaries

Publicly Announced Consolidated Financial Statements, Related Disclosures and Independent Auditors' Report Thereon

as of and for the Six-Month Period Ended

30 June 2021

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

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Convenience Translation of the Review Report
Originally Prepared and Issued in Turkish to English

Independent Auditor's Report on Review of Consolidated Interim Financial Information

To the Board of Directors of Türkiye Garanti Bankası Anonim Şirketi;

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial subsidiaries (together "the Group") as at 30 June 2021 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes 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 Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned legislations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these consolidated 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 and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 2.9.4 of Section Five, the accompanying consolidated interim financial information as at 30 June 2021 includes a general reserve of TL 5,600,000 thousand which TL 950,000 thousands was recognized as expense in the current period and TL 4,650,000 thousands had been recognized as expense in prior periods, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the consolidated financial position of Türkiye Garanti Bankası A.Ş. and its financial subsidiaries as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the six month period then ended in accordance with the BRSA Accounting and 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 interim financial information provided in the interim activity report included in section seven of the accompanying consolidated interim financial information is not consistent, in all material respects, with the reviewed consolidated interim financial information and explanatory notes.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated interim financial information is not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated interim financial information and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Murat Alsan, SMMM
Partner

29 July 2021
İstanbul, Turkey

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 June 2021

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The consolidated financial report for the six-month period ended 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:

1. General Information about Parent Bank
2. Consolidated Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations, and Risk Management Applications of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Limited Review Report
7. Interim Activity Report

The consolidated subsidiaries and structured entities in the scope of this consolidated financial report are the followings:

Subsidiaries
1.Garanti Bank International NV
2.Garanti Emeklilik ve Hayat AŞ
3.Garanti Holding BV
4.Garanti Finansal Kiralama AŞ
5.Garanti Faktoring AŞ
6.Garanti Yatırım Menkul Kıymetler AŞ
7.Garanti Portföy Yönetimi AŞ

Structured Entities
1.Garanti Diversified Payment Rights Finance Company
2.RPV Company

The consolidated financial statements for the six-month period and related disclosures and footnotes that were subject to limited 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 guidances and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira (TL).**

Süleyman Sözen	**Recep Baştuğ**	**Aydın Güler**	**Hakan Özdemir**
Board of Directors Chairman	General Manager	Executive Vice President Responsible of Financial Reporting	Financial Reporting and Accounting Director

Jorge Saenz - Azcunaga Carranza	**Avni Aydın Düren**	**Belkıs Sema Yurdum**
Audit Committee Member	Audit Committee Member	Audit Committee Member

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Director of Investor Relations
Phone no: 90 212 318 23 50
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SECTION FIVE
Disclosures and Footnotes on Consolidated Financial Statements

SECTION SIX
Limited Review Report

SECTION SEVEN
Interim Activity Report

1 General Information

1.1 History of Parent Bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi ("the Bank") was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 as a "private bank" and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946.

Following the acquisition on 27 July 2015, Banco Bilbao Vizcaya Argentaria SA (BBVA)'s stake in the Bank reached to 39.90% and BBVA become the main shareholder. Accordingly, the Bank was moved to the "Foreign Deposit Banks" category from the "Private Deposit Bank" category by the Banking Regulation and Supervision Agency (the BRSA).

The Bank provides banking services through 871 domestic branches, 8 foreign branches and 1 representative offices (31 December 2020: 884 domestic branches, 8 foreign branches and 2 representative offices). The Bank's head office is located in Istanbul.

1.2 Parent Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the period and information on its risk group

As of 30 June 2021, group of companies under BBVA that currently owns 49.85% shares of the Bank, is defined as the BBVA Group ("the Group") and it is the main shareholder.

On 22 March 2011, BBVA had acquired; 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 representing 18.60% ownership, and 26.418.840.000 shares of the Bank owned by Doğuş Holding AŞ at a total nominal value of TL 264,188 representing 6.29% ownership. BBVA, purchasing 24.89% shares of the Bank, had joint control on the Bank's management together with group of companies under Doğuş Holding AŞ ("the Doğuş Group").

On 7 April 2011, BBVA had acquired 503.160.000 shares at a nominal value of TL 5,032 and increased its ownership in the Bank's share capital to 25.01%.

In accordance with the terms of the agreement between BBVA and the Doğuş Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 and 62.538.000.000 shares by the Doğuş Group to BBVA, was completed on 27 July 2015. Following the acquisition, BBVA's stake in the Bank reached to 39.90% and BBVA became the main shareholder. The Bank was moved to "Foreign Deposit Banks" category from "Private Deposit Bank" category by the BRSA.

On 21 February 2017, BBVA agreed with Doğuş Group to acquire 41.790.000.000 shares at a nominal value of TL 417,900 representing 9.95% ownership and on 22 March 2017 in accordance with the terms of the agreement share transfer had been finalized. After the share transfer BBVA's interest in the share capital of the Bank is at 49.85%.

BBVA Group

BBVA is operating for more than 160 years, providing variety of widespread financial and non-financial services to 80 million retail and commercial customers.

The Group's headquarter is in Spain, where the Group has concrete leadership in retail and commercial markets. BBVA adopting innovative, and customer and community oriented management style, besides banking, operates in insurance sector in Europe and portfolio management, private banking and investment banking in global markets.

BBVA which is the largest financial institution in Mexico and also the market leader in South America, operates in more than 30 countries with more than 124 thousand employees.

(Thousands of Turkish Lira (TL))

1.3 Information on Parent Bank's Board of Directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and, if any, shareholdings in the bank

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Süleyman Sözen	Chairman	29.05.1997	University	41 years
Jorge Saenz Azcunaga Carranza	Vice Chairman Independent Member and Member of Audit Committee	24.03.2016	University	29 years
Recep Baştuğ	Member and CEO	06.09.2019	University	32 years
Sait Ergun Özen	Member	14.05.2003	University	35 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	34 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	30 years
Pablo Pastor Munoz (*)	Member	31.03.2021	Master	30 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	31 years
Belkıs Sema Yurdum	Independent Member and Member of Audit Committee	30.04.2013	University	41 years
Avni Aydın Düren	Independent Member and Member of Audit Committee	17.06.2020	Master	30 years
Mevhibe Canan Özsoy	Independent Member	04.04.2019	Master	33 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Recep Baştuğ	CEO	06.09.2019	University	32 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	30 years
Betül Ebru Edin	EVP-Corporate, Investment Banking and Global Markets	25.11.2009	University	28 years
Işıl Akdemir Evlioğlu	EVP- Customer Solutions and Digital Banking	01.03.2020	Master	16 years
Cemal Onaran	EVP-Commercial Banking	17.01.2017	University	31 years
Didem Başer	EVP- Talent and Culture	01.03.2020	Master	27 years
Aydın Güler	EVP- Finance and Treasury	03.02.2016	University	31 years
Murat Atay	Head of Credit Risk Management	01.01.2021	PhD	28 years
Mahmut Akten	EVP-Retail Banking	17.01.2017	Master	22 years
Sibel Kaya	EVP- SME Banking	02.02.2021	University	24 years

(*) As of 30 June 2021, Pablo Pastor Munoz could not start his new position as his oath transactions could not be completed in accordance with the Banking legislation.

The top management listed above does not hold any material unquoted shares of the Bank.

1.4 Information on Parent Bank's qualified shareholders

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Banco Bilbao Vizcaya Argentaria SA	2,093,700	49.85%	2,093,700	-

1.5 Summary information on Parent Bank's activities and services

Activities of the Bank as stated at the third clause of its Articles of Association are as follows:

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits set forth by the Banking Law;
- Providing attorneyship, insurance agency, brokerage and freight services in relation with banking activities,
- Purchasing/selling debt securities, treasury bills, government bonds and other share certificates issued by Turkish government and other official and private institutions on the condition that completion of the necessary approvals and permits by Capital Markets Board of Turkey,
- Developing economical and financial relations with foreign organizations,
- Dealing with all economic operations in compliance with the Banking Law.

The Bank's activities are not limited to those disclosed in that third clause, but whenever the Board of Directors deems any operations other than those stated above to be of benefit to the Bank, it is recommended in the general meeting, and the launching of the related project depends on the decision taken during the General Assembly which results in a change in the Articles of Association and on the approval of this decision by the Ministry of Industry and Commerce. Accordingly, the approved decision is added to the Articles of Association.

The Bank is not a specialized bank but deals with all kinds of banking activities. Deposits are the main sources of the lending to the customers. The Bank grants loans to companies operating in various sectors while aiming to maintain the required level of efficiency.

The Bank also grants non-cash loans to its customers; especially letters of guarantee, letters of credit and acceptance credits.

1.6 Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial subsidiaries are subject to consolidation whereas as per the Turkish Accounting Standards and Turkish Financial Reporting Standards, the investments in both financial and non-financial subsidiaries are subject to consolidation.

1.7 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between Parent Bank and its subsidiaries

None.

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 30 June 2021

	ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2021			PRIOR PERIOD 31 December 2020		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		60,126,575	106,791,230	166,917,805	42,032,640	102,003,248	144,035,888
1.1	Cash and Cash Equivalents	5.1.1	27,348,804	85,844,317	113,193,121	15,635,099	78,617,941	94,253,040
1.1.1	Cash and Balances with Central Bank		16,532,263	56,958,466	73,490,729	6,997,122	48,722,225	55,719,347
1.1.2	Banks		878,885	25,874,976	26,753,861	782,969	28,466,330	29,249,299
1.1.3	Money Market Placements		10,045,388	3,115,625	13,161,013	8,043,941	1,662,847	9,706,788
1.1.4	Expected Credit Losses (-)		107,732	104,750	212,482	188,933	233,461	422,394
1.2	Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.1.2	1,822,967	5,877,114	7,700,081	1,356,222	7,026,509	8,382,731
1.2.1	Government Securities		868,106	884,752	1,752,858	759,526	2,153,945	2,913,471
1.2.2	Equity Securities		933,483	139,829	1,073,312	547,867	54,021	601,888
1.2.3	Other Financial Assets		21,378	4,852,533	4,873,911	48,829	4,818,543	4,867,372
1.3	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI	5.1.3	27,940,961	13,164,139	41,105,100	22,580,548	14,205,017	36,785,565
1.3.1	Government Securities		27,884,868	6,498,409	34,383,277	22,411,168	9,228,128	31,639,296
1.3.2	Equity Securities		56,093	320,167	376,260	58,305	254,511	312,816
1.3.3	Other Financial Assets		-	6,345,563	6,345,563	111,075	4,722,378	4,833,453
1.4	Derivative Financial Assets	5.1.4	3,013,843	1,905,660	4,919,503	2,460,771	2,153,781	4,614,552
1.4.1	Derivative Financial Assets Measured at FVTPL		2,555,020	1,885,889	4,440,909	2,013,066	2,144,333	4,157,399
1.4.2	Derivative Financial Assets Measured at FVOCI		458,823	19,771	478,594	447,705	9,448	457,153
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		256,075,352	159,380,622	415,455,974	231,445,253	141,326,018	372,771,271
2.1	Loans	5.1.5	240,164,793	152,938,776	393,103,569	215,475,505	134,757,624	350,233,129
2.2	Lease Receivables	5.1.6	2,250,641	6,534,699	8,785,340	1,818,749	5,689,959	7,508,708
2.3	Factoring Receivables	5.1.7	2,847,342	1,034,780	3,882,122	2,205,049	721,520	2,926,569
2.4	Other Financial Assets Measured at Amortised Cost	5.1.8	21,248,442	11,893,314	33,141,756	22,663,984	10,574,927	33,238,911
2.4.1	Government Securities		21,215,499	11,855,344	33,070,843	22,630,403	10,541,868	33,172,271
2.4.2	Other Financial Assets		32,943	37,970	70,913	33,581	33,059	66,640
2.5	Expected Credit Losses (-)		10,435,866	13,020,947	23,456,813	10,718,034	10,418,012	21,136,046
III.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.9	674,234	14,955	689,189	914,057	17,696	931,753
3.1	Asset Held for Resale		674,234	14,955	689,189	914,057	17,696	931,753
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES		71,313	7,091	78,404	160,390	6,105	166,495
4.1	Associates (Net)	5.1.10	46,589	8	46,597	46,370	7	46,377
4.1.1	Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		46,589	8	46,597	46,370	7	46,377
4.2	Subsidiaries (Net)	5.1.11	24,724	7,083	31,807	114,020	6,098	120,118
4.2.1	Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments in Subsidiaries		24,724	7,083	31,807	114,020	6,098	120,118
4.3	Joint Ventures (Net)	5.1.12	-	-	-	-	-	-
4.3.1	Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2	Unconsolidated Joint-Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	5.1.13	5,149,710	537,812	5,687,522	5,464,120	495,951	5,960,071
VI.	INTANGIBLE ASSETS (Net)	5.1.14	664,838	87,708	752,546	533,600	80,798	614,398
6.1	Goodwill		6,388	-	6,388	6,388	-	6,388
6.2	Others		658,450	87,708	746,158	527,212	80,798	608,010
VII.	INVESTMENT PROPERTY (Net)	5.1.15	598,353	-	598,353	561,525	-	561,525
VIII.	CURRENT TAX ASSET		45	100,102	100,147	3,420	85,563	88,983
IX.	DEFERRED TAX ASSET	5.1.16	3,947,745	22,355	3,970,100	3,618,388	22,015	3,640,403
X.	OTHER ASSETS (Net)	5.1.17	9,607,984	3,929,101	13,537,085	7,902,560	4,239,458	12,142,018
	TOTAL ASSETS		336,916,149	270,870,976	607,787,125	292,635,953	248,276,852	540,912,805

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 30 June 2021

	LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2021			PRIOR PERIOD 31 December 2020		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**5.2.1**	**165,589,032**	**246,363,395**	**411,952,427**	**142,230,848**	**215,869,500**	**358,100,348**
II.	**FUNDS BORROWED**	**5.2.2**	**2,343,128**	**28,642,463**	**30,985,591**	**2,233,552**	**24,386,631**	**26,620,183**
III.	**MONEY MARKET FUNDS**	**5.2.3**	**820,687**	**4,484,090**	**5,304,777**	**1,098,116**	**2,065,862**	**3,163,978**
IV.	**SECURITIES ISSUED (NET)**	**5.2.4**	**5,070,710**	**14,286,425**	**19,357,135**	**6,094,432**	**16,722,649**	**22,817,081**
4.1	Bills		3,839,105	-	3,839,105	4,883,881	-	4,883,881
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1,231,605	14,286,425	15,518,030	1,210,551	16,722,649	17,933,200
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES MEASURED AT FVTPL**	**5.2.5**	**-**	**17,858,580**	**17,858,580**	**-**	**16,137,939**	**16,137,939**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**5.2.6**	**1,787,003**	**4,068,803**	**5,855,806**	**4,382,556**	**4,154,334**	**8,536,890**
7.1	Derivative Financial Liabilities Measured at FVTPL		1,694,440	3,758,689	5,453,129	4,250,527	3,881,002	8,131,529
7.2	Derivative Financial Liabilities Measured at FVOCI		92,563	310,114	402,677	132,029	273,332	405,361
VIII.	**FACTORING LIABILITIES**	**5.2.7**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE LIABILITIES (Net)**	**5.2.8**	**740,951**	**187,693**	**928,644**	**840,772**	**185,595**	**1,026,367**
X.	**PROVISIONS**	**5.2.9**	**6,516,059**	**4,664,755**	**11,180,814**	**6,763,967**	**3,271,604**	**10,035,571**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1,337,402	124,169	1,461,571	1,297,372	156,160	1,453,532
10.3	Insurance Technical Provisions (Net)		807,170	176,350	983,520	721,292	107,820	829,112
10.4	Other Provisions		4,371,487	4,364,236	8,735,723	4,745,303	3,007,624	7,752,927
XI.	**CURRENT TAX LIABILITY**	**5.2.10**	**1,743,603**	**68,776**	**1,812,379**	**2,247,903**	**48,444**	**2,296,347**
XII.	**DEFERRED TAX LIABILITY**	**5.2.10**	**-**	**55,096**	**55,096**	**-**	**48,863**	**48,863**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.2.11**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Asset Held for Sale		-	-	-	-	-	-
13.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBTS**	**5.2.12**	**1,035,271**	**6,516,543**	**7,551,814**	**1,029,532**	**5,569,437**	**6,598,969**
14.1	Borrowings		-	-	-	-	-	-
14.2	Other Debt Instruments		1,035,271	6,516,543	7,551,814	1,029,532	5,569,437	6,598,969
XV.	**OTHER LIABILITIES**	**5.2.13**	**23,237,127**	**4,127,185**	**27,364,312**	**18,859,556**	**4,261,518**	**23,121,074**
XVI.	**SHAREHOLDERS' EQUITY**	**5.2.14**	**67,384,693**	**195,057**	**67,579,750**	**62,050,247**	**358,948**	**62,409,195**
16.1	Paid-in Capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital Reserves		784,434	-	784,434	784,434	-	784,434
16.2.1	Share Premium		11,880	-	11,880	11,880	-	11,880
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		772,554	-	772,554	772,554	-	772,554
16.3	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		1,614,443	150,398	1,764,841	1,598,522	114,049	1,712,571
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		3,623,117	(233,147)	3,389,970	3,197,339	(115,937)	3,081,402
16.5	Profit Reserves		51,512,785	277,806	51,790,591	45,520,735	349,008	45,869,743
16.5.1	Legal Reserves		1,648,175	88,779	1,736,954	1,554,550	79,424	1,633,974
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		49,595,679	-	49,595,679	43,728,172	-	43,728,172
16.5.4	Other Profit Reserves		268,931	189,027	457,958	238,013	269,584	507,597
16.6	Profit/Loss		5,391,053	-	5,391,053	6,501,538	11,828	6,513,366
16.6.1	Prior Periods' Profit/Loss		13,283	-	13,283	196,448	11,828	208,276
16.6.2	Current Period's Net Profit/Loss		5,377,770	-	5,377,770	6,305,090	-	6,305,090
16.7	Minority Interest		258,861	-	258,861	247,679	-	247,679
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**276,268,264**	**331,518,861**	**607,787,125**	**247,831,481**	**293,081,324**	**540,912,805**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Off-Balance Sheet Items
At 30 June 2021

		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2021			PRIOR PERIOD 31 December 2020		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)			**264,820,907**	**461,573,612**	**726,394,519**	**252,150,378**	**408,163,964**	**660,314,342**
I.	**GUARANTEES AND SURETIES**	**5.3.1**	**36,631,466**	**58,723,796**	**95,355,262**	**31,824,340**	**48,971,054**	**80,795,394**
1.1	Letters of guarantee		36,504,895	39,658,567	76,163,462	31,475,024	33,857,845	65,332,869
1.1.1	Guarantees subject to State Tender Law		-	1,520,062	1,520,062	-	1,368,856	1,368,856
1.1.2	Guarantees given for foreign trade operations		2,658,601	938,839	3,597,440	2,489,512	845,758	3,335,270
1.1.3	Other letters of guarantee		33,846,294	37,199,666	71,045,960	28,985,512	31,643,231	60,628,743
1.2	Bank acceptances		37,046	2,494,492	2,531,538	70,194	2,103,257	2,173,451
1.2.1	Import letter of acceptance		37,046	2,494,492	2,531,538	70,194	2,103,257	2,173,451
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		89,525	16,365,654	16,455,179	279,122	12,884,100	13,163,222
1.3.1	Documentary letters of credit		-	-	-	-	-	-
1.3.2	Other letters of credit		89,525	16,365,654	16,455,179	279,122	12,884,100	13,163,222
1.4	Guaranteed prefinancings		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Underwriting commitments		-	-	-	-	-	-
1.7	Factoring related guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	205,083	205,083	-	125,852	125,852
1.9	Other sureties		-	-	-	-	-	-
II.	**COMMITMENTS**		**88,123,608**	**35,286,187**	**123,409,795**	**75,926,337**	**28,902,086**	**104,828,423**
2.1	Irrevocable commitments		87,487,718	29,520,640	117,008,358	75,375,808	26,283,022	101,658,830
2.1.1	Asset purchase and sale commitments		5,195,817	25,924,423	31,120,240	4,765,892	23,152,339	27,918,231
2.1.2	Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	3,145	3,145	-	2,780	2,780
2.1.4	Loan granting commitments		24,309,977	2,303,259	26,613,236	20,994,776	2,072,525	23,067,301
2.1.5	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		3,866,870	-	3,866,870	3,174,209	-	3,174,209
2.1.8	Tax and fund obligations on export commitments		133,258	-	133,258	143,224	-	143,224
2.1.9	Commitments for credit card limits		53,980,491	1,241,168	55,221,659	46,296,739	1,055,378	47,352,117
2.1.10	Commitments for credit cards and banking services related promotions		1,305	-	1,305	968	-	968
2.1.11	Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12	Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		-	48,645	48,645	-	-	-
2.2	Revocable commitments		635,890	5,765,547	6,401,437	550,529	2,619,064	3,169,593
2.2.1	Revocable loan granting commitments		5,830	4,262,407	4,268,237	10,902	1,995,025	2,005,927
2.2.2	Other revocable commitments		630,060	1,503,140	2,133,200	539,627	624,039	1,163,666
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**5.3.2**	**140,065,833**	**367,563,629**	**507,629,462**	**144,399,701**	**330,290,824**	**474,690,525**
3.1	Derivative financial instruments held for risk management		3,837,113	46,002,768	49,839,881	5,065,184	37,222,722	42,287,906
3.1.1	Fair value hedges		469,986	8,246,172	8,716,158	469,986	8,308,419	8,778,405
3.1.2	Cash flow hedges		3,367,127	37,756,596	41,123,723	4,595,198	28,914,303	33,509,501
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		136,228,720	321,560,861	457,789,581	139,334,517	293,068,102	432,402,619
3.2.1	Forward foreign currency purchases/sales		7,705,066	12,536,348	20,241,414	9,069,175	11,312,583	20,381,758
3.2.1.1	Forward foreign currency purchases		5,503,580	4,633,080	10,136,660	6,506,988	3,879,245	10,386,233
3.2.1.2	Forward foreign currency sales		2,201,486	7,903,268	10,104,754	2,562,187	7,433,338	9,995,525
3.2.2	Currency and interest rate swaps		121,227,508	235,860,963	357,088,471	126,241,686	231,716,285	357,957,971
3.2.2.1	Currency swaps-purchases		5,323,740	96,421,223	101,744,963	8,963,202	92,403,946	101,367,148
3.2.2.2	Currency swaps-sales		77,047,033	42,048,992	119,096,025	65,522,846	47,853,673	113,376,519
3.2.2.3	Interest rate swaps-purchases		19,428,587	48,695,374	68,123,961	25,878,025	45,729,333	71,607,358
3.2.2.4	Interest rate swaps-sales		19,428,148	48,695,374	68,123,522	25,877,613	45,729,333	71,606,946
3.2.3	Currency, interest rate and security options		5,694,923	13,160,489	18,855,412	2,700,037	5,578,445	8,278,482
3.2.3.1	Currency call options		2,510,503	2,770,979	5,281,482	1,671,606	1,410,167	3,081,773
3.2.3.2	Currency put options		2,843,276	2,858,184	5,701,460	918,375	2,321,676	3,240,051
3.2.3.3	Interest rate call options		-	4,769,138	4,769,138	-	1,846,602	1,846,602
3.2.3.4	Interest rate put options		-	2,762,188	2,762,188	-	-	-
3.2.3.5	Security call options		251,268	-	251,268	25,011	-	25,011
3.2.3.6	Security put options		89,876	-	89,876	85,045	-	85,045
3.2.4	Currency futures		1,032,443	2,458,497	3,490,940	1,163,525	1,343,230	2,506,755
3.2.4.1	Currency futures-purchases		944,053	793,736	1,737,789	634,658	611,740	1,246,398
3.2.4.2	Currency futures-sales		88,390	1,664,761	1,753,151	528,867	731,490	1,260,357
3.2.5	Interest rate futures		-	60,445	60,445	-	-	-
3.2.5.1	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sales		-	60,445	60,445	-	-	-
3.2.6	Others		568,780	57,484,119	58,052,899	160,094	43,117,559	43,277,653
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			**962,409,401**	**1,357,076,189**	**2,319,485,590**	**892,567,461**	**1,153,942,320**	**2,046,509,781**
IV.	**ITEMS HELD IN CUSTODY**		**71,810,608**	**68,829,943**	**140,640,551**	**67,992,766**	**56,592,842**	**124,585,608**
4.1	Customers' securities held		31,617,154	-	31,617,154	29,919,210	-	29,919,210
4.2	Investment securities held in custody		15,253,025	22,074,208	37,327,233	14,459,589	17,679,389	32,138,978
4.3	Checks received for collection		21,691,913	8,648,569	30,340,482	17,647,307	7,027,687	24,674,994
4.4	Commercial notes received for collection		2,901,481	1,413,043	4,314,524	2,484,480	1,094,391	3,578,871
4.5	Other assets received for collection		229,978	31,628,824	31,858,802	3,320,118	26,744,871	30,064,989
4.6	Assets received through public offering		-	211,638	211,638	-	181,367	181,367
4.7	Other items under custody		117,057	4,853,661	4,970,718	162,062	3,865,137	4,027,199
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**890,598,793**	**1,288,246,246**	**2,178,845,039**	**824,574,695**	**1,097,349,478**	**1,921,924,173**
5.1	Securities		8,016,758	2,675,785	10,692,543	6,569,370	2,166,776	8,736,146
5.2	Guarantee notes		23,167,772	23,552,737	46,720,509	23,246,598	19,038,091	42,284,689
5.3	Commodities		55,153	-	55,153	65,681	-	65,681
5.4	Warranties		-	623,993	623,993	-	536,450	536,450
5.5	Real estates		200,125,640	218,991,632	419,117,272	187,343,687	189,716,205	377,059,892
5.6	Other pledged items		659,233,470	1,042,401,950	1,701,635,420	607,349,359	885,891,825	1,493,241,184
5.7	Pledged items-depository		-	149	149	-	131	131
VI.	**CONFIRMED BILLS OF EXCHANGE AND SURETIES**		**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		**1,227,230,308**	**1,818,649,801**	**3,045,880,109**	**1,144,717,839**	**1,562,106,284**	**2,706,824,123**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss
At 30 June 2021

	INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD 1 January 2021- 30 June 2021	PRIOR PERIOD 1 January 2020- 30 June 2020	CURRENT PERIOD 1 April 2021- 30 June 2021	PRIOR PERIOD 1 April 2020- 30 June 2020
I.	**INTEREST INCOME**	**5.4.1**	**25,480,200**	**18,318,520**	**13,581,977**	**8,916,572**
1.1	Interest income on loans		19,893,323	15,010,092	10,505,518	7,369,060
1.2	Interest income on reserve deposits		343,887	511	215,634	234
1.3	Interest income on banks		106,973	134,692	50,414	49,526
1.4	Interest income on money market transactions		606,813	102,913	378,216	45,085
1.5	Interest income on securities portfolio		3,970,120	2,646,522	2,144,446	1,261,130
1.5.1	Financial assets measured at FVTPL		63,841	57,628	33,079	29,660
1.5.2	Financial assets measured at FVOCI		2,041,377	1,245,874	1,134,300	614,830
1.5.3	Financial assets measured at amortised cost		1,864,902	1,343,020	977,067	616,640
1.6	Financial lease income		315,716	239,076	170,631	111,276
1.7	Other interest income		243,368	184,714	117,118	80,261
II.	**INTEREST EXPENSE (-)**	**5.4.2**	**11,014,139**	**6,636,079**	**5,960,619**	**3,088,738**
2.1	Interest on deposits		8,901,536	4,159,824	4,885,410	1,935,136
2.2	Interest on funds borrowed		523,968	825,769	263,365	261,163
2.3	Interest on money market transactions		220,913	194,317	163,485	155,420
2.4	Interest on securities issued		1,270,325	1,118,310	590,347	575,323
2.5	Lease interest expense		57,317	83,466	30,395	36,907
2.6	Other interest expenses		40,080	254,393	27,617	124,789
III.	**NET INTEREST INCOME (I - II)**		**14,466,061**	**11,682,441**	**7,621,358**	**5,827,834**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**4,230,328**	**3,187,384**	**2,163,109**	**1,409,439**
4.1	Fees and commissions received		5,466,715	3,932,250	2,849,186	1,745,164
4.1.1	Non-cash loans		499,030	358,570	269,845	180,909
4.1.2	Others		4,967,685	3,573,680	2,579,341	1,564,255
4.2	Fees and commissions paid (-)		1,236,387	744,866	686,077	335,725
4.2.1	Non-cash loans		14,576	9,833	7,868	5,509
4.2.2	Others		1,221,811	735,033	678,209	330,216
V.	**DIVIDEND INCOME**	**5.4.3**	**132,560**	**18,661**	**129,345**	**17,828**
VI.	**NET TRADING INCOME/LOSSES (Net)**	**5.4.4**	**(950,578)**	**1,073,936**	**(1,196,949)**	**256,347**
6.1	Trading account income/losses		655,408	1,685,396	(469,735)	(361,495)
6.2	Income/losses from derivative financial instruments		(985,682)	(2,940,215)	(5,802,837)	(1,046,352)
6.3	Foreign exchange gains/losses		(620,304)	2,328,755	5,075,623	1,664,194
VII.	**OTHER OPERATING INCOME**	**5.4.5**	**5,899,730**	**3,551,872**	**2,277,675**	**1,096,032**
VIII.	**TOTAL OPERATING PROFIT (III+IV+V+VI+VII)**		**23,778,101**	**19,514,294**	**10,994,538**	**8,607,480**
IX.	**EXPECTED CREDIT LOSSES (-)**	**5.4.6**	**8,145,978**	**7,540,582**	**2,830,084**	**2,502,808**
X.	**OTHER PROVISIONS (-)**	**5.4.6**	**2,209,718**	**1,739,979**	**1,234,864**	**1,000,916**
XI.	**PERSONNEL EXPENSES (-)**		**2,567,182**	**2,173,885**	**1,346,312**	**1,112,455**
XII.	**OTHER OPERATING EXPENSES (-)**	**5.4.7**	**4,061,565**	**3,462,151**	**2,003,099**	**1,595,242**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**6,793,658**	**4,597,697**	**3,580,179**	**2,396,059**
XIV.	**INCOME RESULTED FROM MERGERS**		**-**	**-**	**-**	**-**
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY**		**-**	**-**	**-**	**-**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**	**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)**	**5.4.8**	**6,793,658**	**4,597,697**	**3,580,179**	**2,396,059**
XVIII.	**PROVISION FOR TAXES (±)**	**5.4.9**	**1,356,522**	**1,266,818**	**687,374**	**745,371**
18.1	Current tax charge		1,509,969	2,257,006	1,328,572	1,409,633
18.2	Deferred tax charge (+)		1,009,098	297,712	(662,099)	(17,994)
18.3	Deferred tax credit (-)		(1,162,545)	(1,287,900)	20,901	(646,268)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**5.4.10**	**5,437,136**	**3,330,879**	**2,892,805**	**1,650,688**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**	**-**	**-**
20.1	Income from assets held for sale		-	-	-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
20.3	Others		-	-	-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**	**-**	**-**
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
21.3	Others		-	-	-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERAT**	**5.4.8**	**-**	**-**	**-**	**-**
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (**	**5.4.9**	**-**	**-**	**-**	**-**
23.1	Current tax charge		-	-	-	-
23.2	Deferred tax charge (+)		-	-	-	-
23.3	Deferred tax credit (-)		-	-	-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPER**	**5.4.10**	**-**	**-**	**-**	**-**
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**5.4.11**	**5,437,136**	**3,330,879**	**2,892,805**	**1,650,688**
25.1	Equity holders of the bank		5,377,770	3,295,112	2,865,084	1,632,338
25.2	Minority interest		59,366	35,767	27,721	18,350
	Earnings per Share		**0.01280**	**0.00785**	**0.00682**	**0.00389**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
At 30 June 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2021 - 30 June 2021	**PRIOR PERIOD 1 January 2020 - 30 June 2020**
I.	**CURRENT PERIOD PROFIT/LOSS**	**5,437,136**	**3,330,879**
II.	**OTHER COMPREHENSIVE INCOME**	**373,067**	**949,563**
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**65,553**	**135,304**
2.1.1	Revaluation Surplus on Tangible Assets	7,941	94,331
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	58,090	53,149
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(478)	(12,176)
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**307,514**	**814,259**
2.2.1	Translation Differences	1,029,758	727,154
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(665,141)	468,397
2.2.3	Gains/losses from Cash Flow Hedges	278,637	58,141
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(504,337)	(404,310)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	(3,592)
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	168,597	(31,531)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**5,810,203**	**4,280,442**

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
At 30 June 2021

THOUSANDS OF TURKISH LIRA (TL)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss: Revaluation surplus on tangible and intangible assets	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss: Defined Benefit Plans' Actuarial Gains/Losses	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss: Others	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss: Foreign Currency Translation Differences	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss: Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss: Others	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
	PRIOR PERIOD (01/01/2020-30/06/2020)																	
I.	**Balances at Beginning of Period**		**4,200,000**	**11,880**	**-**	**772,554**	**1,597,962**	**(172,474)**	**217,096**	**3,210,286**	**(573,850)**	**(1,264,460)**	**39,612,929**	**6,164,914**	**-**	**53,776,837**	**273,910**	**54,050,747**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**1,855**	**-**	**470,282**	**(472,137)**	**-**	**-**	**-**	**-**	**-**	**-**
2.1.	Effect of Corrections		-	-	-	-	-	-	1,855	-	470,282	(472,137)	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**	5.5	**4,200,000**	**11,880**	**-**	**772,554**	**1,597,962**	**(172,474)**	**218,951**	**3,210,286**	**(103,568)**	**(1,736,597)**	**39,612,929**	**6,164,914**	**-**	**53,776,837**	**273,910**	**54,050,747**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**86,022**	**-**	**49,282**	**727,154**	**366,050**	**(280,774)**	**-**	**-**	**3,295,112**	**4,242,846**	**37,596**	**4,280,442**
V.	**Capital Increase in Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase from Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Liabilities**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Others Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,053**	**-**	**-**	**38,053**	**-**	**38,053**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,437**	**(5,437)**	**-**	**-**	**-**	**-**
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	5,437	(5,437)	-	-	-	-
	Balances at end of the period (III+IV…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**1,683,984**	**(172,474)**	**268,233**	**3,937,440**	**262,482**	**(2,017,371)**	**39,656,419**	**6,159,477**	**3,295,112**	**58,057,736**	**311,506**	**58,369,242**
	CURRENT PERIOD (01/01/2021-30/06/2021)																	
I.	**Balances at Beginning of Period**		**4,200,000**	**11,880**	**-**	**772,554**	**1,948,436**	**(302,744)**	**66,879**	**5,190,386**	**240,292**	**(2,349,276)**	**45,869,743**	**6,513,366**	**-**	**62,161,516**	**247,679**	**62,409,195**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**	5.5	**4,200,000**	**11,880**	**-**	**772,554**	**1,948,436**	**(302,744)**	**66,879**	**5,190,386**	**240,292**	**(2,349,276)**	**45,869,743**	**6,513,366**	**-**	**62,161,516**	**247,679**	**62,409,195**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**(4,623)**	**-**	**56,893**	**1,029,758**	**(552,290)**	**(168,900)**	**208,276**	**(194,993)**	**5,377,770**	**5,751,891**	**58,312**	**5,810,203**
V.	**Capital Increase in Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase from Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Liabilities**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Others Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**31,282**	**-**	**-**	**31,282**	**-**	**31,282**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,681,290**	**(6,305,090)**	**-**	**(623,800)**	**(47,130)**	**(670,930)**
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	(623,800)	-	(623,800)	(47,130)	(670,930)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,646,085	(5,646,085)	-	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	35,205	(35,205)	-	-	-	-
	Balances at end of the period (III+IV…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**1,943,813**	**(302,744)**	**123,772**	**6,220,144**	**(311,998)**	**(2,518,176)**	**51,790,591**	**13,283**	**5,377,770**	**67,320,889**	**258,861**	**67,579,750**

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Cash Flows
At 30 June 2021

	STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 January 2021- 30 June 2021	PRIOR PERIOD 1 January 2020 - 30 June 2020
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**	**5.6**	**5,368,516**	**11,666,795**
1.1.1	Interests received		22,498,586	18,297,267
1.1.2	Interests paid		(10,560,586)	(6,830,610)
1.1.3	Dividend received		132,560	18,661
1.1.4	Fees and commissions received		5,466,715	3,932,250
1.1.5	Other income		5,899,730	3,551,872
1.1.6	Collections from previously written-off receivables		373,877	425,981
1.1.7	Cash payments to personnel and service suppliers		(5,637,382)	(4,621,123)
1.1.8	Taxes paid		(2,089,155)	(1,529,822)
1.1.9	Others		(10,715,829)	(1,577,681)
1.2	**Changes in operating assets and liabilities**	**5.6**	**12,507,940**	**(19,367,144)**
1.2.1	Net (increase) decrease in financial assets measured at FVTPL		736,510	(2,789,912)
1.2.2	Net (increase) decrease in due from banks		(585,898)	(4,055,121)
1.2.3	Net (increase) decrease in loans		(50,192,807)	(52,845,422)
1.2.4	Net (increase) decrease in other assets		(1,372,975)	(8,063,489)
1.2.5	Net increase (decrease) in bank deposits		590,192	(419,752)
1.2.6	Net increase (decrease) in other deposits		52,279,523	29,914,244
1.2.7	Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8	Net increase (decrease) in funds borrowed		6,859,386	17,438,111
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		4,194,009	1,454,197
I.	**Net cash flow from banking operations**	**5.6**	**17,876,456**	**(7,700,349)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**	**5.6**	**(1,691,531)**	**(8,829,742)**
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		(1)	(3,588)
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3	Purchases of tangible assets		(420,553)	(200,345)
2.4	Sales of tangible assets		404,393	184,282
2.5	Cash paid for purchase of financial assets measured at FVOCI		(14,736,143)	(14,948,753)
2.6	Cash obtained from sale of financial assets measured at FVOCI		10,404,267	9,990,416
2.7	Cash paid for purchase of financial assets measured at amortised cost		(354,019)	(6,469,522)
2.8	Cash obtained from sale of financial assets measured at amortised cost		3,010,525	2,617,768
2.9	Others		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**		**(1,157,837)**	**2,087,967**
3.1	Cash obtained from funds borrowed and securities issued		8,304,945	13,811,784
3.2	Cash used for repayment of funds borrowed and securities issued		(8,711,207)	(11,513,092)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(623,800)	-
3.5	Payments for leases		(127,775)	(210,725)
3.6	Others		-	-
IV.	**Effect of translation differences on cash and cash equivalents**	**5.6**	**3,132,502**	**1,611,240**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**	**5.6**	**18,159,590**	**(12,830,884)**
VI.	**Cash and cash equivalents at beginning of period**	**5.6**	**52,763,757**	**48,006,493**
VII.	**Cash and cash equivalents at end of period (V+VI)**	**5.6**	**70,923,347**	**35,175,609**

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

3 Accounting Policies

3.1 Basis of presentation

The Bank and its consolidated financial subsidiaries prepare their consolidated financial statements in accordance with the Banking Regulation and Supervision Authority ("BRSA") Accounting and Reporting Regulation which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

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

Prepared in accordance with the "Communiqué amending the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in the Official Gazette dated 1 February 2019 with No. 30673.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes from 3.2 to 3.29.

3.1.1 Changes in Accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2021 have no material effect on the consolidated financial statements, consolidated financial performance and on the Bank's accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the consolidated financial statements have no material effect on the consolidated financial statements, consolidated financial performance and on the Bank's accounting policies.

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

3.1.2 Other

A new type of coronavirus (COVID-19), first emerging in China, has been classified by the World Health Organization as a pandemic affecting countries globally. The COVID-19 outbreak not only affects economic conditions both regionally and globally, as it causes disruptions in operations, especially in countries that are exposed to the epidemic. The effects of COVID-19 on the Bank's financial statements are regularly monitored by the risk units and the Bank's Management.

While preparing the interim financial statements dated 30 June 2021, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements and disclosed in the related accounting policies.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

The liability side of the balance sheet is intensively composed of short-term deposits in line with the general trend in the banking sector. In addition to deposits, the Bank and its financial subsidiaries have access to longer-term borrowings via borrowings from abroad.

In order to manage the interest rate risk arising from short-term deposits, the Bank and its financial subsidiaries are keen on maintaining floating rate instruments such as government bonds with quarterly coupon payments and instruments like credit cards and consumer loans providing regular cash inflows. A portion of the fixed-rate securities and loans, and the bonds are hedged under fair value hedges. The fair value risks of such fixed-rate assets and financial liabilities are hedged with interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate financial assets and financial liabilities together with the changes in the fair value of the hedging instruments, namely interest rate swaps and cross currency swaps, are accounted under net trading income/losses in the income statement. At the inception of the hedge and during the subsequent periods, the hedge is expected to achieve the offsetting of changes in fair value attributable to the hedged risk for which the hedge is designated, and accordingly, the hedge effectiveness tests are performed.

It may classify the financial assets and liabilities as at fair value through profit or loss at the initial recognition in order to eliminate any accounting inconsistency.

The fundamental strategy to manage the liquidity risk that may incur due to short-term structure of funding, is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The widespread and effective branch network, advantage of primary dealership and strong market share in the treasury and capital markets, are the most effective tools in the realisation of this strategy. For this purpose, serving customers by introducing new products and services continuously and reaching the customers satisfaction are very important.

Another influential factor in the management of the interest and liquidity risk on balance sheet is product diversification both on asset and liability sides.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

Purchase and sale of short and long-term financial instruments are allowed within the pre-determined limits to generate risk-free return on capital.

The foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk.

3.2.2 Foreign currency transactions

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Bank’s spot purchase rates for the Parent Bank and with the Central Bank of Turkey’s spot purchase rates for domestic financial subsidiaries, and the differences are recorded as foreign exchange gain or loss in the income statement.

During the consolidation of foreign subsidiaries, the assets and liabilities are translated into TL at exchange rates ruling at the balance sheet date, the income and expenses in income statement are translated into TL using monthly average exchange rates. Foreign exchange differences arising from the translation of income and expenses and other equity items, are recognized in “other comprehensive income/expense items to be recycled to profit or loss under the shareholders’ equity.

In the current period, net investment hedge amounting to EUR 432,300,442 (31 December 2020: EUR 419,127,526) is applied in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses amounting to TL 3,256,503 (31 December 2020: TL 2,548,634), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under capital reserves and other comprehensive income/expense items to be recycled to profit/loss, respectively under equity as of 30 June 2021. There is no ineffective portion arising from net investment hedge accounting.

3.3 Information on consolidated subsidiaries

As of 30 June 2021, Türkiye Garanti Bankası Anonim Şirketi and the following financial subsidiaries are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities and all related transactions and contracts. The company's head office is in Istanbul. The Bank increased its shareholding to 100% through a further acquisition of 0.04% of the company's shares on 21 October 2014.

Garanti Faktoring was established in 1990 to perform import, export and domestic factoring activities. The company's head office is in Istanbul. The Bank owns 81.84% of Garanti Faktoring shares including the shares acquired in the market, T. İhracat Kredi Bankası AŞ owns 9.78% of the company's shares and the remaining 8.38% shares are held by public.

GBI was established in October 1990 to perform banking activities abroad. The head office of this bank is in Amsterdam. It is wholly owned by the Bank.

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.61%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the Board of Directors as resulted from its privilege in election of board members.

In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, the Bank's ownership in Garanti Emeklilik decreased to 84.91%. The head office of this company is in Istanbul.

Garanti Portföy was established in June 1997 to manage the customer portfolios by using the capital market products in compliance with the principles and rules of the regulations regarding the company's purpose of establishment and the portfolio management agreements signed with the customers. The company's head office is in Istanbul. It is wholly owned by the Bank.

Garanti Holding was established in December 2007 in Amsterdam and all its shares was purchased by the Bank from Doğuş Holding AŞ in May 2010. On 27 January 2011 the consolidated subsidiary's legal named changed to Garanti Holding BV from D Netherlands BV.

Garanti Diversified Payment Rights Finance Company and RPV Company are structured entities established for the Parent Bank's securitization transactions, and consolidated in the accompanying consolidated financial statements. The Bank or any of its subsidiaries does not have any shareholding interests in these companies.

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit or loss

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contacts.

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in income statement at the date they incur. The changes in their fair values are recorded on balance sheet under "the portion of derivative financial assets measured at fair value through profit and loss" or "the portion of derivative financial liabilities measured at fair value through profit and loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "income / losses from derivative transactions" under statement of profit or loss.

Within the scope of TFRS 13 Fair Value Measurement standard; (i) if there is a significant decrease in the volume or level of activity for that asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities); (ii) when the transaction or quoted price does not represent fair value; and / or (iii) when a price for a similar asset requires significant adjustment to make it comparable to the asset being measured, or (iv) when the price is stable, an adjustment to the transactions or quoted prices is made and this adjustment is reflected to the fair value measurement. In this context, the point is determined within the range that is most representative of fair value under current market conditions.

The spot legs of currency swap transactions are recorded on the balance sheet and the forward legs in the off-balance sheet accounts as commitment. In the initial phase of currency swaps, the, currency exchange transactions to realise at value dates are recorded and followed as irrevocable commitments in the off-balance sheet accounts up to their value dates.

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

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables, provided in the case of a non-financial variable that the variable is not specific to contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative but a separate financial instrument. If a hybrid contract contains a host that is an asset within the scope of this standard, it is applied the standard's requirements about classification of financial assets to the entire hybrid contract. The Bank and its consolidated financial subsidiaries do not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.

Credit derivatives; are capital market tools designed to transfer credit risk from one party to another. The credit derivatives portfolio included in the off-balance sheet accounts composes of total return swaps and credit default swaps resulted from protection buying or selling.

Credit default swap; is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values.

Total return swap; is a contract, in which the protection seller commits to make a certain payment and compensate the decreases in market values of the reference assets to the buyer under the condition that the protection buyer will transfer all the cash flows to be created by and the increases in market values of the reference asset. It is entered into total return swap contract for the purpose of generating long-term funding.

3.4.2 Derivative financial instruments held for hedging purpose

TFRS 9 permits to defer application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank and its consolidated financial subsidiaries continue to apply hedge accounting in accordance with TAS 39 in this context.

The Bank and its consolidated financial subsidiaries enter into interest rate and cross currency swap transactions in order to hedge the changes in fair values of fixed-rate financial instruments. The changes in fair values of derivative financial assets held for fair value hedges are recognised in "income/losses from derivative financial instruments". If the hedging is effective, the changes in fair value of the hedged item is presented in the statement of financial position together with the fixed-rate loan, and in case of the fixed-rate financial assets at fair value through other comprehensive income, such changes are reclassified from shareholders' equity to statement of profit or loss.

Derivative financial assets measured at fair value through other comprehensive income

The Bank and its consolidated financial subsidiaries enter into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under "accumulated other comprehensive income or expense to be reclassified to profit or loss" in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognized in shareholders' equity are removed and included in statement of profit or loss in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to statement of profit or loss under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued.

While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in statement of profit or loss considering the original maturity.

3.5 Interest income and expenses

General

Interest is recorded according to the effective interest rate method (rate equalizing future cash flows of financial assets or liabilities to net present value) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. In applying the effective interest method, it is identified fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognised in profit or loss. In those cases, such fees are accounted as revenue or expense when the financial instrument is initially recognised in the financial statements.

When applying the effective interest method, it is amortised any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument.

In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest income of the period after the acquisition is recorded as interest income in the financial statements.

If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related income statement line and is amortized over the estimated life of the financial asset.

If the financial asset is impaired and classified as a non-performing receivable, it is applied the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of “expected credit losses” expense and “interest income from loans” for interest amounts calculated in this way.

If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

Financial lease activities

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The difference, i.e. the interest, between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the income statement.

3.6 Fees and commissions

Fees and commissions except for which are integral part of the effective interest rates of financial instruments measured at amortized costs, 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. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

3.7 Financial instruments

3.7.1 Initial recognition of financial instruments

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

3.7.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 “Revenue from Contracts with Customers”, at initial recognition, financial assets or financial liabilities are measured at fair value. At initial recognition, financial asset or a financial liability exclusive the ones at fair value through profit or loss are measured at its fair value plus or minus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

3.7.3 Classification of financial instruments

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

3.7.3.1 Assessment of the business model

As per TFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification and should be determined on a higher level of aggregation.

During assessment of the business model for management of financial assets, it must be considered all relevant evidence that is available at the date of the assessment. Such relevant evidence includes below:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Assessment of the business model is not performed on the basis of scenarios that the entity does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

If cash flows are realised in a way that is different from the expectations at the date that it is assessed the business model, that does not give rise to a prior period error in the financial statements nor does it change the classification of the remaining financial assets held in that business model as long as it is considered all relevant information that was available at the time that it made the business model assessment. However, when the business model is assessed for newly originated or newly purchased financial assets, it must be considered information about how cash flows were realised in the past, along with all other relevant information.

The business models are divided into three categories. These categories are defined below:

- A business model whose objective is to hold assets in order to collect contractual cash flows: A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets: It may be held financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Other business models: Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

3.7.3.2 Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

As per TFRS 9, a financial asset is classified on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

3.7.4 Measurement categories of financial assets and liabilities

All financial assets are classified based on the business model for managing the financial assets. Accordingly, financial assets are classified in three main categories as listed below:

- Financial assets measured at amortized cost,
- Financial assets measured at fair value through other comprehensive income,
- Financial assets measured at fair value through profit or loss.

Financial investments and loans measured at amortised cost

Financial investments and loans are measured at amortised cost if both of the following conditions are met:

- Financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial investments measured at amortised cost: subsequent to the initial recognition, financial investments measured at amortised cost are accounted at amortised cost calculated by using the effective interest rate method. The expected losses calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.8.5.

Loans: financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are recognized at cost and measured at amortized cost using the effective interest method. Duties paid, transaction costs and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers. The expected losses calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.5.11.

Financial assets measured at fair value through other comprehensive income

As per TFRS 9, financial investments are measured at fair value through other comprehensive income if both of the following conditions are met:

- Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. If the financial asset is reclassified as financial assets measured at fair value through profit or loss, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued at amortized cost by using the discounting method with effective interest rate, that approximates to fair value, for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities.

Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in accumulated other comprehensive income or expense to be reclassified to profit or loss under the shareholders' equity. In case of sales, the gain/losses arising from fair value measurement accumulated under shareholders' equity are recognized in income statement.

Interests calculated and/or earned by using the effective interest method during holding of financial assets measured at fair value through other comprehensive income are recorded primarily in interest income. In case of sale of such debt securities are sold before maturity date, the difference between the sales income calculated as difference between the cost in accordance with the Uniform Chart of Accounts and the sale price and the recognized interest income is transferred to "trading account income/losses".

The Bank also consumer price indexed government bonds ("CPI") in its securities portfolio, reclassified as financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and financial assets measured at amortised cost. CPI's are valued and accounted based on the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. As it is mentioned in the Undersecretariat of Treasury's Investor Guide of CPI, the reference index used during the calculation of the actual coupon payment amount is the previous two months CPI's. The Bank determines its expected inflation rates in compliance with this guideline. The estimated inflation rate according to the Central Bank of Turkey's and the Bank's expectations, maybe updated during the year when it is considered necessary.

As of 30 June 2021, due to adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its financial assets whose fair value difference is reflected in other comprehensive income, and deemed that no change is required in the fair valuation measurement as of the reporting date.

Equity instruments measured at fair value through other comprehensive income

At initial recognition, it can be made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such election is made on an instrument by instrument basis.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the cumulative gain or loss shall be transferred to prior period's profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. TFRS 9 impairment requirements are not applicable for equity instruments.

As of 30 June 2021, due to the adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its equity instruments whose fair value difference is recognized in other comprehensive income, and no change is required in the fair valuation measurement as of the reporting date.

Financial assets and liabilities measured at fair value through profit or loss

Financial assets valued at fair value through profit or loss are valued at their fair values and gain/loss arising on those assets is recorded in the income statement. Interest income earned on trading securities and the difference between their acquisition costs and amortized costs are recorded as interest income in the income statement. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the income statement. In cases where such securities are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

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

The interest income/expense earned and the difference between the acquisition costs and the amortized costs of financial liabilities are recorded under interest income/expense in statement of profit or loss, the difference between the amortized costs and the fair values of financial liabilities are recorded under trading account income/losses in statement of profit or loss. The amount of change in the fair value of the financial liability at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income unless it creates accounting mismatch or increase the accounting mismatch. Excluding the change in credit risk of the liability, the change in the fair value of the liability shall be recognized in profit or loss.

As of 30 June 2021, due to the adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its financial assets and liabilities which are measured at fair value through profit or loss, and deemed that no change is required in the fair valuation measurement as of the reporting date.

On the other hand, the Bank has assessed the effects of the COVID-19 outbreak with respect to its financial instruments which are classified in Level 3 as inputs for these instruments are highly dependent on estimates and judgments and deemed that no change is required as of the reporting date.

3.8 Disclosures on impairment of financial instruments

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

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

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

The expected credit loss is calculated on a collective basis by means of grouping the financial assets having common credit risk features or on an individual basis.

It is constituted a policy in order to make an assessment whether the credit risk on a financial instrument has increased significantly since initial recognition by taking into consideration change in the risk of a default occurring over the expected life of the financial instrument. The aforementioned policy is presented in Note 3.8.3.

The impairment model having 3 stages based on the change in credit quality since initial recognition based on TFRS 9 is explained below.

3.8.1 Calculation of expected credit losses

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

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics. Based on TFRS 9, it is used two different PDs in order to calculate expected credit losses:

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

Internal rating systems are used for both retail and commercial portfolios. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. Whereas behavioral and application scorecards used in the retail portfolio include; (i) the behavioral data of the customer and the product in the Bank, (ii) the demographic information of the customer, and (iii) the behavioral data of the customer in the sector. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

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

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

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

When expected credit losses are estimated, it is considered three scenarios (base scenario, bad scenario, good scenario). Each of these three scenarios is associated with different probability of default, loss given default and exposure at default. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. Such calculation is performed for each of three scenarios explained above.

In accordance with the BRSA Decision numbered 9624 dated 17 June 2021, the Bank records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to 12-month expected credit losses until 30 September 2021.However, according to the Bank's risk models, since the number of days past due in such loans exceed 30 days, higher probability of default and loss given default parameters are taken into consideration compared to other loans in Stage 1.

Stage 2: When a loan has shown a significant increase in credit risk since origination, it is calculated an allowance for the lifetime expected credit losses. Including multiple scenario usage, it is similar to descriptions above, but probability of default and loss given default rates are estimated through the life of the instrument. Estimated cash shortfalls are discounted by using the original effective interest rate.

In accordance with the BRSA Decision numbered 9624 dated 17 June 2021, the Bank records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 30 September 2021.According to Bank’s risk models, Stage 3 parameters are used for loss given default as well as for the probability of default.

Stage 3: For the loans considered as impaired, it is accounted lifetime expected credit losses. The methodology is similar to stage 2 and the probability of default is taken into account as 100%.

It is considered a debt as default on these two below conditions;

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank is based on a more than 90 days past due definition. If a loan is exactly 90 days past due, it will not be considered as default. Default status starts on the 91st day. Moreover, in accordance with the BRSA Decision numbered 9624 dated 17 June 2021, current definition of default in the Bank is based on a more than 180 days past due instead of 90 days past due until 30 September 2021.
2. Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

For the purpose of determining significant increases in credit risk and recognising a loss allowance on a collective basis, financial instruments are grouped on the basis of shared credit risk characteristics. In this context, the methodology developed for the estimation of expected credit losses should include the risk features which meet the criteria for carrying the same credit risk characteristics. Examples of the common credit risk characteristics include, but are not limited to, the following:

- Customer type (retail or corporate / commercial)
- Product type
- Credit risk rating notes /scores
- Sector / market segmentation
- Collateral type
- Loan to value ratio
- Duration since origination of a loan
- Remaining time to maturity
- Exposure at default

In addition, a certain portion of commercial and corporate loans is assessed individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. Such calculations are made by discounting the expected cash deficits from the individual financial instrument to its present value using the effective interest rate.

When measuring expected credit losses, it shall be considered the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. Such assessment is made by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

As of 30 June 2021, the Bank has revised the cash flow expectations and scenario weights for its commercial and corporate loans, due to the negative effects of the COVID-19 outbreak, and reflected the related effects in its expected credit losses with the best estimation approach.

In accordance with the Bank's internal policies, TFRS 9 models are updated once a year. The related model update was made in the 4th quarter of 2020 and the Bank continued to calculate expected credit losses provision based on the mentioned updated model during 2021.

3.8.1.1 Loan commitments and non-cash loans

The expected credit losses on a loan commitment shall be discounted using the effective interest rate, or an approximation thereof, that will be applied when recognising the financial asset resulting from the loan commitment. This is because for the purpose of applying the impairment requirements, a financial asset that is recognised following a draw down on a loan commitment shall be treated as a continuation of that commitment instead of as a new financial instrument. The expected credit losses on the financial asset shall therefore be measured considering the initial credit risk of the loan commitment from the date when becoming a party to the irrevocable commitment.

Expected credit losses on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined shall be discounted by applying a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3.8.1.2 Debt instruments measured at fair value through other comprehensive income

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

3.8.1.3 Credit cards and other revolving loans

The Bank and its financial subsidiaries subject to consolidation offer credit card and overdraft products which give ability to corporate and commercial customers demand repayment and cancel the undrawn commitment. Such products do not limit the period that entities are exposed to credit losses with the contractual notice. For this reason, it is calculated the expected credit losses for these products over a period of time reflecting the anticipation of customer behavior, the likelihood of default, and future risk mitigation procedures such as the reduction or removal of undrawn limits.

When determining the period over which it is expected to be exposed to credit risk, but for which expected credit losses would not be mitigated by normal credit risk management actions, it is considered factors such as historical information and experience about the below items:

- the period over which the entity was exposed to credit risk on similar financial instruments;
- the length of time for related defaults to occur on similar financial instruments following a significant increase in credit risk; and
- the credit risk management actions that it is expected to be taken once the credit risk on the financial instrument has increased, such as the reduction or removal of undrawn limits.

It is calculated expected credit losses on the revolving products of retail and corporate customers by considering 3 to 5 years.

It is made assessment of significant increase in credit risk of revolving loans by considering qualitative and quantitative criteria considered for other credit products as explained in disclosure 3.8.3.

(Thousands of Turkish Lira (TL))

3.8.2 Forward-looking macroeconomic information

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation. The incorporation of forward-looking information into the credit risk parameters consists of the following steps:

Step 1: It is made specifications and estimates of econometric models that reveal past relationships between credit risk parameters and macroeconomic variables in order to be able to generate estimates based on macroeconomic information. Macroeconomic variable prevailing during these estimates is mainly the Gross Domestic Product (GDP).

Step 2: Where macroeconomic scenarios do not include longer maturity, a process called "convergence to the mean" is applied.

Step 3: In order to estimate the ultimate parameters to be used in the calculation of the expected credit losses, it is applied the methods of credit risk parameters reflection and forward-looking impact inclusion into the parameters.

The Bank updates its macroeconomic parameters incorporated into significant increase in credit risk and expected credit loss assessments quarterly. The Bank has assessed the relevant updates for the second quarter in its models.

The Bank takes into account different scenarios in the calculation of expected credit loss by evaluating the current economic conditions and expert opinions. Accordingly, the macroeconomic value estimates taken into account in the expected loss provision calculation are presented below.

Date	GDP
31.12.2021	5.0%
31.12.2022	4.5%
31.12.2023	4.0%
31.12.2024	4.0%
31.12.2025	4.0%
31.12.2026	4.0%

3.8.3 Significant increase in credit risk

Qualitative and quantitative assessments are performed regarding assessment of significant increase in credit risk.

Qualitative assessment:

It is classified the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment.

- Loans overdue more than 30 days as of the reporting date (In accordance with the BRSA Decision numbered 9624 dated 17 June 2021, as of the reporting date loans with an overdue more than 90 days instead of 30 days are taken into consideration until 30 September 2021.)
- Loans classified as watchlist,
- When there is a change in the payment plan due to refinancing, restructuring or concession, the loan is not considered as default or written off and the change is not due to any commercial reason.

Quantitative assessment:

The quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date.

The absolute and relative thresholds used for the probability of default are differentiated on the basis of segment/ loan group.

It is classified the related financial asset as stage 2 (Significant Increase in Credit Risk) where both of the following criteria are satisfied as a result of quantitative assessment.

- Relative change in the PD: If the "relative difference" between the probability of defaults as of the reporting date and the date when the loan is initially recognized in the financial statements is above the specified threshold
- Absolute change in the PD: If the "absolute difference" between the probability of defaults as of the reporting date and the date when the loan is initially recognized in the financial statements is above the specified threshold (different from the threshold for the relative change)

3.8.4 Low credit risk

As per TFRS 9, the credit risk on a financial instrument is considered as low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

It is not considered financial instruments to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the other financial instruments or relative to the credit risk of the jurisdiction within which it is operated.

If it is determined that a financial instrument has a low credit risk as of the reporting date, it is assumed that the credit risk on the financial instrument has not increased significantly following its first recognition in the financial statements.

It is defined the definition of low credit risk based on the definition of High Quality Liquid Asset given in the Regulation on the Liquidity Coverage Ratio Calculation and the principles of the risk weight calculation based on the external rating note of the receivables from the Central Banks and the Central Governments in accordance with the Regulation on the Measurement and Assessment of Banks’ Capital Adequacy.

The financial instruments that are defined as having low credit risk based on TFRS 9 are as follows:

- Receivables from the Central Bank of the Republic of Turkey (required reserves, free reserves, placements etc.)
- Loans with the counterparty of the Treasury of the Republic of Turkey,
- Receivables (reserves, free reserves, placements, etc.) from the central banks of the branches of the Bank or its subsidiaries, securities issued or guaranteed by these central banks and securities issued / guaranteed by the treasury of these countries,
- Loans granted to the treasury of countries having rating note of AA- and above and the securities issued or guaranteed by the treasury of these countries,
- Local currency loans granted to the treasury of countries having rating below AA-, and securities in local currency issued or guaranteed by the treasury of these countries,
- Securities exported or guaranteed by multilateral development banks or international organizations having rating of AA- and above.

3.8.5 Disclosures on write down policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. The Bank performs objective and subjective assessments whether there is reasonable expectation.

In accordance with TFRS9, a provision is provided for the portions of the loans, that are not expected to be recovered as explained in the accounting policies 3.8 Disclosures on impairment of financial instruments and 3.8.1 Calculation of expected credit losses. Accordingly, the loans which cannot be reasonably expected to be recovered regarding the opinions of the related department responsible from the collection and the portion up to the provision amount of the loans, that are classified as "Group V Loan" (Loans Classified as Loss), can be subject to write-down operation.

In addition, all of the loans that meet the conditions in the below are assessed by the Bank as having completely lost their ability to collect and can be written down based on the positive opinion of the related departments.

i. Being monitored as a non-performing loan at least for 2 years,
ii. Not having any collection in the last 6 months,
iii. The absence of a qualified guarantee.

The write-down of these loans, which are not possible to be collected, is an accounting policy and this policy does not result in waiving the right of receivables.

3.9 Disclosures about netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

3.9.2 Derecognition of financial instruments

3.9.2.1 Derecognition of financial assets due to change in the contractual terms

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

The Bank shall assess the characteristics of the new contractual terms of the financial asset based on quantitative and qualitative criteria. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and in case a significant change is determined, it is recognized as a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and it is retained control of the asset, it is continued to recognize the remaining portion of the asset and liabilities arising from such asset.

When it is retained substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognised in its entirety and the consideration received is recognised as a liability.

3.9.2.2 Derecognition of a financial asset without any change in the contractual terms

It is derecognised the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party.

Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit or loss.

3.9.2.3 Derecognition of financial liabilities

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

3.9.3 Reclassification of financial instruments

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

3.9.4 Restructuring and refinancing of financial instruments

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

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

Changes in the original terms of a credit risk can be made in the current contract or through a new contract.

Corporate and commercial companies which have been restructured and refinanced can be removed from the watchlist when the following conditions are met:

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time)
- At least 2 years should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing

In order for the restructured non-performing corporate and commercial loans to be classified to the watchlist category, the following conditions must be met:

- Recovery in debt service,
- At least 1 year should pass over the date of restructuring,
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as non-performing (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing,
- Collection of all overdue amounts, disappearance of the reasons for classification as non-performing receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification.

During the follow-up period of at least two years following the date of restructuring / refinancing, if there is a new restructuring / refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again. In accordance with the BRSA Decision numbered 9624 and dated 17 June 2021, The Bank will not apply the above-mentioned 30 days past due rule until 30 September 2021.

The performing or non-performing retail loans being subject to restructuring shall be removed from the watchlist only if the debt is paid in full.

3.10 Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet in compliance with the Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Investments Subject to Repurchase Agreements” and valued based on the management’s future intentions, either at market prices or using discounting method with internal rate of return. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted for on an accrual basis.

Securities purchased under resale agreements are classified under “Money Markets Placements” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period on such securities.

Securities lending transactions are classified under “Money Markets” and the related expense accruals are accounted.

3.11 Assets held for sale, assets of discontinued operations and related liabilities

According to the Turkish Financial Reporting Standard 5 (TFRS 5) “Assets Held for Sale and Discontinued Operations”, a tangible asset (or a group of assets to be disposed) classified as “asset held for sale” is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value. Assets held for sale consist of tangible assets and investments in associates to be disposed that were acquired against non-performing receivables.

A discontinued operation is a part of the business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in income statement. The Bank or its financial subsidiaries have no discontinued operations.

3.12 Goodwill and other intangible assets

The intangible assets consist of goodwill, softwares, intangible rights and other intangible assets.

Goodwill and other intangible assets are recorded at cost in accordance with the Turkish Accounting Standard 38 (TAS 38) “Intangible Assets”.

The costs of other intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their initial purchase costs.

As per TAS 38, internally-generated software should be recognised as intangible assets if they meet the below listed criteria:

- The technical feasibility of completing the intangible asset so that it will be available for use,

- Availability of the Bank and its financial subsidiaries’ intention to complete and use the intangible asset,

- The ability to use the intangible asset,

- Clarity in probable future economic benefits to be generated from the intangible asset,

- The availability of adequate technical, financial and other resources to complete the development phase and to start using the intangible asset,

- The availability to measure reliably the expenditure attributable to the intangible asset during the development phase.

The directly attributable development costs of intangible asset are included in the cost of such assets, however the research costs are recognised as expense as incurred.

The intangible assets are amortised over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The "net goodwill" resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles.

If any goodwill is computed at consolidation, it is recorded under intangible assets on the asset side of the consolidated balance sheet as an asset. It is assessed to identify whether there is any indication of impairment. If any such indication exists, the necessary provision is recorded as an expense in the income statement. The goodwill is not amortized.

Estimated useful lives of the intangible assets except for goodwill, are 3-15 years and amortisation rates are 6.67-33.3%.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

3.13 Tangible assets

The cost of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs.

As of 1 November 2015, changing the existing accounting policy, it has been decided to apply revaluation model for properties recorded under tangible assets instead of cost model in accordance with the Turkish Accounting Standard 16 (TAS 16) "Property, Plant and Equipment". Within this framework, the revaluation difference arising from the valuations performed by independent expertise firms for all real estates registered in the ledger is accounted under revaluation surplus on tangible and intangible assets under equity.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sale price.

Maintenance and repair costs incurred for tangible assets, are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

(Thousands of Turkish Lira (TL))

The depreciation rates and estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

Tangible assets	Estimated Useful Lives (Years)	Depreciation Rates (%)
Buildings	50	2
Vaults	50	2
Motor Vehicles	5-7	15-20
Other Tangible Assets	4-20	5-25

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

Useful lives of buildings are reviewed at least once a year and if current estimates are different than previous estimates, then the revised estimates are considered as accounting policy change in accordance with the Turkish Accounting Standard 8 (TAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors".

Investment properties

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in production, supply of goods or services, administrative purposes or sale in the ordinary course of business are classified as investment property. As of 1 November 2015, changing the existing accounting policy, it has been decided to apply fair value model for investment properties instead of cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Accordingly, for all the investment properties registered in the ledger, a valuation study was performed by independent expertise firms and arising changes in their fair values resulting from these studies are recognized in statement of profit or loss at the date they incur.

Investment properties accounted at fair value are not depreciated.

Right-of-use assets

Based on the Bank's assessment, lease branches and buildings are recognized in compliance with TFRS 16 whereas ATM places, lease cars and other leases are considered out of TFRS 16 scope as a result of materiality assessment. Therefore, these leases are recognized under Other Operating Income.

At the commencement date, the Bank shall measure the right-of-use properties at cost in compliance with TFRS 16. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

After the commencement date, the right-of-use asset is measured applying a cost model. To apply the cost model, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The depreciation requirements in TAS 16 "Property, Plant and Equipment" is applied in depreciating real assets considered as right-of-use asset.

TAS 36 "Impairment of Assets" is applied to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

3.14 Leasing activities

Leases, in which the majority of risks and returns of the related asset belong to the lessor, are classified as operational lease. The rent payments for leases that meet the conditions of exemptions stated in TFRS 16, are recognized as expense in related periods' statement of profit or loss over the lease term in accordance with periodicity principle.

Based on TFRS 16, at the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the incremental borrowing interest rate.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date, the lease liability is remeasured to reflect changes to the lease payments. The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The lease liability is remeasured by discounting the revised lease payments using a revised discount rate, if either there is a change in the lease term or there is a change in the assessment of an option to purchase the underlying asset. However, if there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments or if there is a change in the amounts expected to be payable under a residual value guarantee, an unchanged discount rate is used.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the incremental borrowing interest rate at the effective date of the modification. The carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

3.15 Provisions and contingent liabilities

Provisions and contingent liabilities resulted from past events, if it is probable that the commitment will be settled and a reliable estimate can be made for the amount of the obligation, are accounted for in accordance with the Turkish Accounting Standard 37 (TAS 37) "Provisions, Contingent Liabilities and hContingent Assets".

3.16 Contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank or its financial subsidiaries. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the footnotes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the related period.

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

As per the existing labor law in Turkey, the entities are required to pay certain amounts to the employees retired or fired except for resignations or misbehaviors specified in the Turkish Labor Law.

Accordingly, the Bank and its financial subsidiaries subject to the labor law, reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits" for all its employees who retired or whose employment is terminated, called up for military service or died.

(Thousands of Turkish Lira (TL))

The major actuarial assumptions used in the calculation of the total liability are as follows:

	30 June 2021	31 December 2020
Net Effective Discount Rate	3.01%	3.01%
Discount Rate	13.00%	13.00%
Expected Rate of Salary Increase	11.20%	11.20%
Inflation Rate	9.70%	9.70%

In the above table, the effective rates are presented for the Bank and its financial subsidiaries subject to the labor law, whereas the rates applied for the calculations differ according to the employee's years-in-service.

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS19.

Retirement benefit obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependents will receive on retirement.

The Bank's defined benefit plan ("the Plan") is managed by "Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" ("the Fund") established as per the provisional Article 20 of the Social Security Law No.506 and the Bank's employees are the members of this Fund.

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law No. 506. These contributions are as follows:

	30 June 2021		31 December 2020	
	Employer	Employee	Employer	Employee
Pension contributions	15.5%	10.0%	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%	6.0%	5.0%

The Plan is composed of a) the contractual benefits of the employees, which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law No.5754 ("the Law"), and b) other social rights and medical benefits provided by the Bank but not transferable to SSF.

a) Benefits transferable to SSF

The first paragraph of the provisional Article 23 of Banking Law No. 5411, published in the Official Gazette on 1 November 2005, No. 25983, which requires the transfer of the members of the funds subject to the provisional Article 20 of the Social Security Law No.506, and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the SSF within three years following the effective date of the related article was cancelled with the decision of the Constitutional Court dated 22 March 2007, No. 2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette No. 26731, dated 15 December 2007. The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the fund members. Following the publication of the verdict, the Turkish Grand National Assembly ("Turkish Parliament") started to work on the new legal arrangements by taking the cancellation reasoning into account and the Articles of the Law No.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette No.26870.

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund ("SDIF"), the banks and the funds, by using a technical discount rate of 9.80% taking into account the Funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008.

Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional Article 20 of the Social Security Law No.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette No. 27900 dated 9 April 2011 as per the decision of the Council of Ministers No. 2011/1559, and as per the letter No. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional Article 20 of the Social Security and Public Health Insurance Law No.5510.

On 19 June 2008, Cumhuriyet Halk Partisi ("CHP") applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the Article 73 and the first paragraph of the provisional Article 20 added to the Law No. 5510 are not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

Before the completion of two-years period set by the Council of Ministers on 14 March 2011 as explained above, as per the Article No. 51 of the Law No. 6645, published in the Official Gazette No. 29335 dated 23 April 2015, the Article No. 20 of the Law No. 5510 was amended giving the Council of Ministers the authority to determine the date of transfer without defining any timeline.

b) Other benefits not transferable to SSF

Other social rights and payments provided in the existing trust indenture but not covered through the transfer of the funds' members and their right-holders to the SSF, are to be covered by the funds and the institutions that employ the funds' members.

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS19.

The consolidated subsidiaries do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated subsidiaries are subject to SSF in case of domestic investees and to the legislations of the related countries in case of foreign investee companies. There are no obligations not reflected in the accompanying consolidated financial statements.

3.18 Insurance technical reserves and technical income and expense

3.18.1 Insurance technical reserves

The Group's insurance subsidiaries adopted TFRS 4, Insurance Contracts ("TFRS 4"). TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. TFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. Only in case of presentation of more reliable figures a change in accounting policy shall be carried out. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TFRS 9 Financial Instruments standard.

Insurance technical provisions on the consolidated financial statements consist of, reserve for unearned premiums, reserve for unexpired risk, and provision for outstanding claims and mathematical provisions.

3.18.2 Insurance technical income and expense

In insurance companies, premium income is obtained subsequent to the share of reinsurers in policy income is diminished.

Claims are recorded in expense on accrual basis. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reinsurers' share of claims paid and outstanding loss are offset in these provisions.

3.19 Taxation

3.19.1 Corporate tax

While corporate earnings are subject to corporate tax at the rate of 20% in Turkey; in accordance with the regulation introduced by the Law No. 7316 on the "Procedure for Collection of Public Receivables and the Law Amending Some Laws", this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022.

This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. As per the decisions No. 2009/14593 and 2009/14594 of the Council of Ministers published in the Official Gazette No. 27130 dated 3 February 2009, certain duty rates included in the Articles No.15 and 30 of the new Corporate Tax Law No.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

75% of earnings generated through sale of equity shares, founders' shares, redeemed shares and pre-emption rights and 50% of earnings generated through sale of real estates held at least for two years by the institutions are exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years.

All earnings generated through transfer of equity shares, founders' shares, redeemed shares and pre-emption rights by the companies being under legal proceedings or guarantor and mortgage provider of such companies, to banks, financial leasing companies and finance companies or the Savings Deposit Insurance Fund in connection with liquidation of their liabilities and earnings of banks, financial leasing companies and finance companies through sale of immovable part of such assets or other items are exempt from corporate tax at the rate of 50% and 75%, respectively.

Tax applications for foreign branches

NORTHERN CYPRUS

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus No.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax and 15% income tax. This tax is calculated based on the income that the taxpayers earn in an accounting period. Tax base is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The corporations cannot benefit from the rights of offsetting losses, investment incentives and amortisation unless they prepare and have certified their balance sheets, income statements and accounting records used for tax calculations by an auditor authorized by the Ministry of Finance. In cases where it is revealed that the earnings of a corporation were not subject to taxation in prior years or the tax paid on such earnings are understated, additional taxes can be charged in the next seven years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October. According to the Decision of the TRNC Council of Ministers dated 25 March 2020, the prepaid taxes are calculated and paid at the rate of 15% tax on quarterly commercial earnings of the related year. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

MALTA

The corporate earnings are subject to a 35% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The earnings of the foreign corporations' branches in Malta are also subject to the same tax rate that the resident corporations in Malta are subject to. The earnings of such branches that are transferred to their head offices are not subject to an additional tax. The taxes payable is calculated by the obligating firm and the calculation is presented in the tax declaration form that is due till the following year's month of November.

Tax applications for foreign financial subsidiaries

THE NETHERLANDS

In the Netherlands, corporate income tax is levied at the rate of 15% for tax profits up to EUR 245,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. These rates will be applied as 15% and 25% in 2021, as 15% for tax profits up to EUR 395,000 and 25% in 2022. Based on the unilateral decree for the avoidance of double taxation between Turkey and The Netherlands, the dividend taxation is nil as of 1 January 2018 under certain conditions. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for six years. Tax losses can be carried back to the prior year. Companies must file their tax returns within five months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional eleven months). Tax returns are open for five years from the date of the filing deadline of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

ROMANIA

The applicable corporate tax rate in Romania is 16%. The taxation system in Romania is continuously developing and is subject to varying interpretations and constant changes, which may become rarely retroactive. In Romania, tax periods remain open for tax audits for maximum seven years, depending on the reporting year. Tax losses can be carried forward to offset against future taxable income for seven years.

Starting form 1 January 2019, based on the Government Emergency Ordinance No. 114/2018 ("GEO"), as modified by the GEO No. 19/2019, banking institutions defined as credit institutions, Romanian legal entities and Romanian branches of nonresident credit institutions became subject to the tax on certain financial asset groups. The tax on financial assets is computed by applying a tax rate on the total value of the taxpayer's certain financial asset groups, existing at the end of the computation semester, recorded as per the applicable accounting regulations.

The tax rate applied shall be 0.4% or 0.2% per annum, depending on the bank's market share greater than or equal, or lower than 1%, respectively. At the same time, the value of the tax may not exceed the accounting profit realized by the bank before calculating the tax on assets. In addition, no tax shall be due by the bank incurring accounting loss before calculating the tax on assets. The first computation and payment of the tax was realised on 25 August 2019. The final computation and reporting for year 2019 was made on 25 August 2020. The Ordinance provided the possibility of reducing the tax due by up to 100%, depending on certain indicators aimed at increasing financial intermediation and /or diminishing the net interest margin for RON denominated loans and deposits.

Starting from 1 January 2020, based on the GEO No. 1/2020, the tax on financial assets ceased to be effective for year 2020 and following years. According to Romanian legislation, a GEO should be approved by the Parliament through a Law within 2 years since the GEO issuing. The draft Law for approving GEO No. 1/2020 was not approved until now and currently it is on the approval flow.

3.19.2 Deferred taxes

According to the Turkish Accounting Standard 12 (TAS 12) “Income Taxes”; deferred tax assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

As explained in Note 3.19.1, the corporate tax has been determined as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are effective or close to be effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid, as of 30 June 2021, the Bank and its consolidated subsidiaries evaluated their assets and liabilities according to their maturities and calculated deferred tax at the rate of 25%, 23% or 20% corresponding to the relevant maturities.

If transactions and events are recorded in the income statement, then the related tax effects are also recognized in the income statement. However, if transactions and events are recorded directly in the shareholders’ equity, the related tax effects are also recognized directly in the shareholders’ equity.

The deferred tax assets and liabilities of the Bank and its consolidated subsidiaries are reported as net in their individual financial statements.

In compliance with TAS 12, the deferred tax assets and liabilities of the consolidated subsidiaries are presented on the asset and liability sides of financial statements separately, without any offsetting.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Furthermore, the deferred tax assets are not subject to profit distribution or capital increase as per the BRSA’s related circular in cases where there are net asset balances after netting deferred tax assets with deferred tax liabilities.

3.19.3 Transfer pricing

The Article No.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “Disguised Profit Distribution by Way of Transfer Pricing”. “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the General Communiqué No. 4 on Disguised Profit Distribution by Way of Transfer Pricing, the taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

3.20 Funds borrowed

The Bank, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

In cases where such funds are valued at their amortised costs but this application results in measurement or accounting mismatch due to having the related financial instruments valued using different methods or the related gains or losses are recognized differently, such fundings are reclassified as financial liabilities at their fair values through profit or loss at initial recognition in order to prevent such mismatch. The interest expenses paid during holding the related financial liabilities and the difference between the amortized cost and the acquisition cost are recorded as interest expense in statement of profit or loss and the difference between the fair values and the amortized costs of the financial liabilities are recorded under trading account income/losses.

3.21 Share and share issuances

If the Bank issues a share at a price above its nominal value, the difference between the issue price and the nominal value is accounted for "share premium" under shareholders' equity.

3.22 Confirmed bills of exchange and acceptances

Payments of the confirmed bills of exchange and acceptances are made simultaneously with the payments of the customers. Confirmed bills of exchange and acceptances are recorded in "off-balance sheet accounts" as possible debts and commitments, if any.

3.23 Government incentives

As of 30 June 2021, the Bank or its financial subsidiaries do not have any government incentives or grants (2020: None).

3.24 Segment reporting

The Bank operates in corporate, commercial, retail and investment banking. Accordingly, the banking products served to customers are; custody services, time and demand deposits, accumulating deposit accounts, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, Eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account (ELMA), cheques, safety boxes, bill payments, tax collections, payment orders. GarantiCard, BonusCard, Miles&Smiles Card, FlexiCard, MoneyCard, BusinessCard, Shop & Fly, virtual cards under the brand names of Visa and Mastercard and also American Express credit cards and "Paracard" debit cards with Maestro, Electron, Visa and Mastercard brand names, are available.

The Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers' needs effectively and efficiently. The Bank also utilizes alternative delivery channels intensively.

The Bank provides corporate banking products to international and national holdings in Turkey by coordinating regional offices, suppliers and intermediaries, utilizing cross-selling techniques. Mainly, it provides services through its commercial and mixed type of branches to export-revenue earning sectors like tourism and textile and exporters of Turkey's traditional agricultural products.

Additionally, the Bank provides banking services to enterprises and their employees working in retail and service sectors through product packages including overdraft accounts, POS machines, credit cards, cheque books, Turkish Lira and foreign currency deposits, investment accounts, internet banking and call-center, debit cards and bill payment modules.

Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and digital banking.

(Thousands of Turkish Lira (TL))

Information on the business segments on a consolidated basis is as follows:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	7,478,985	7,495,669	(1,965,145)	10,636,032	23,645,541
Other	-	-	-	-	-
Total Operating Profit	**7,478,985**	**7,495,669**	**(1,965,145)**	**10,636,032**	**23,645,541**
Net Operating Profit	3,450,362	3,057,967	(1,694,973)	1,847,742	6,661,098
Dividend Income	-	-	-	132,560	132,560
Net Operating Profit	**3,450,362**	**3,057,967**	**(1,694,973)**	**1,980,302**	**6,793,658**
Provision for Taxes	-	-	-	1,356,522	1,356,522
Net Profit	**3,450,362**	**3,057,967**	**(1,694,973)**	**623,780**	**5,437,136**
Segment Assets	107,124,759	259,436,456	172,696,472	68,451,034	607,708,721
Investments in Associates and Subsidiaries	-	-	-	78,404	78,404
Total Assets	**107,124,759**	**259,436,456**	**172,696,472**	**68,529,438**	**607,787,125**
Segment Liabilities	276,574,872	144,744,777	78,165,144	40,722,582	540,207,375
Shareholders' Equity	-	-	-	67,579,750	67,579,750
Total Liabilities and Shareholders' Equity	**276,574,872**	**144,744,777**	**78,165,144**	**108,302,332**	**607,787,125**

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Total Operating Profit	5,645,543	5,272,866	3,267,385	5,309,839	19,495,633
Other	-	-	-	-	-
Total Operating Profit	**5,645,543**	**5,272,866**	**3,267,385**	**5,309,839**	**19,495,633**
Net Operating Profit	1,966,436	171,197	2,768,633	(327,230)	4,579,036
Dividend Income	-	-	-	18,661	18,661
Net Operating Profit	**1,966,436**	**171,197**	**2,768,633**	**(308,569)**	**4,597,697**
Provision for Taxes	-	-	-	1,266,818	1,266,818
Net Profit	**1,966,436**	**171,197**	**2,768,633**	**(1,575,387)**	**3,330,879**
Segment Assets	92,869,978	235,015,014	143,739,752	69,121,566	540,746,310
Investments in Associates and Subsidiaries	-	-	-	166,495	166,495
Total Assets	**92,869,978**	**235,015,014**	**143,739,752**	**69,288,061**	**540,912,805**
Segment Liabilities	239,078,721	128,625,167	75,658,975	35,140,747	478,503,610
Shareholders' Equity	-	-	-	62,409,195	62,409,195
Total Liabilities and Shareholders' Equity	**239,078,721**	**128,625,167**	**75,658,975**	**97,549,942**	**540,912,805**

3.25 Profit reserves and profit appropriation

Retained earnings as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement explained to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In the ordinary General Assembly Meeting dated 31 March 2021, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 6,238,003, and the table considering the distribution made based on the decision is presented in Note 5.10.2.

3.26 Earnings per share

Earnings per share disclosed in the statement of profit or loss, are calculated by dividing net profit for the period by the weighted average number of shares outstanding during the period concerned.

	Current Period	*Prior Period*
Distributable net profit	5,377,770	3,295,112
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.01280	0.00785

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

There are no bonus shares issued in 2021 (2020: None).

3.27 Related parties

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/subsidiary with them, associated companies and joint ventures and the Fund providing post-employment benefits are considered and referred to as related parties in accordance with TAS 24 “Related Parties”. The transactions with related parties are disclosed in detail in Note 5.7.

3.28 Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of Turkey; and cash equivalents include money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

3.29 Other disclosures

In order to comply with the consolidated financial position as of 30 June 2021 prepared in accordance with the Uniform Chart of Accounts published on 1 January 2021, a reclassification was performed for the collateral amounts given over the derivative transactions made with foreign banks between cash and cash equivalents and other assets lines as of 31 December 2020 amounting to TL 6,884,709. Based on these classifications, a classification of TL 24,468 was also performed between the interest income on banks and other interest income lines in the consolidated profit or loss statement for the relevant period. The effects of this classifications on the consolidated cash flow statement were also updated. Collaterals in foreign non-bank institutions are continued to be recorded under other assets line.

These mentioned classifications did not have any impact on the asset size and performance of the consolidated statement of financial position.

(Thousands of Turkish Lira (TL))

4 Consolidated Financial Position and Results of Operations and Risk Management

4.1 Consolidated total capital

The consolidated capital items calculated as per the "Regulation on Equities of Banks" published on 5 September 2013, are presented below:

4.1.1 Components of consolidated total capital (*)

	Current Period	*Prior Period*
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	51,790,591	45,869,743
Other Comprehensive Income according to TAS	9,651,115	8,669,080
Profit	5,391,053	6,513,366
Current Period Profit	5,377,770	6,305,090
Prior Period Profit	13,283	208,276
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	6,694	6,694
Minority Interest	110,500	98,252
Common Equity Tier I Capital Before Deductions	**71,934,387**	**66,141,569**
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 (-)	4,427,196	3,571,428
Leasehold Improvements on Operational Leases (-)	106,136	124,608
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	722,565	591,531
Net Deferred Tax Asset/Liability (-)	-	-
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	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
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 the10% 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 Ratios of Banks (-)	-	-

(Thousands of Turkish Lira (TL))

	Current Period	*Prior Period*
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 (-)	-	-
Excess Amount arising from Mortgage Servicing Rights (-)	-	-
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	**5,255,897**	**4,287,567**
Total Common Equity Tier I Capital	**66,678,490**	**61,854,002**
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	-	-
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 Ratios 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 Ratios 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	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**66,678,490**	**61,854,002**
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	7,479,130	6,537,880
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)	4,960,930	4,623,236
Total Deductions from Tier II Capital	**12,440,060**	**11,161,116**
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	-	-

(Thousands of Turkish Lira (TL))

	Current Period	*Prior Period*
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	**-**
Total Tier II Capital	**12,440,060**	**11,161,116**
Total Equity (Total Tier I and Tier II Capital)	**79,118,550**	**73,015,118**
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	43	82
Other items to be Defined by the BRSA (-)	2,466	1,802
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)	**79,116,041**	**73,013,234**
Total Risk Weighted Assets	**476,265,114**	**432,914,519**
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	**14.00**	**14.29**
Consolidated Tier I Capital Ratio (%)	**14.00**	**14.29**
Consolidated Capital Adequacy Ratio (%)	**16.61**	**16.87**
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.13	4.13
a) Capital Conservation Buffer Ratio (%)	2.50	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.13	0.13
c) Systemically Important Banks Buffer Ratio (%)	1.50	1.50
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6.00	8.29
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	3,999,117	3,681,400

(Thousands of Turkish Lira (TL))

	Current Period	***Prior Period***
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)	14,409,893	12,839,046
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4,960,930	4,623,236
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	-	-

(*) According to "Bank Capital Regulation" Article 10 paragraph 4, which published on Official Gazette dated 5th September 2013 and numbered 28756, banks also calculate their consolidated capital with their consolidated insurance company investments as unconsolidated financial institutions if 9th Article's 4th paragraph's (c) and (ç) items apply. Lesser of consolidated capital calculated according to 1st and 4th paragraphs is considered the consolidated capital according to this regulation. As the consolidated capital calculated including the insurance subsidiary is lesser, the consolidated capital is calculated according to consolidated financial statements including the insurance subsidiary.

Within the context of the measures that are announced by BRSA on 17 June 2021, in capital adequacy ratio calculation until 30 September 2021 may be calculated with arithmetic average of the Central Bank of Turkey's spot purchase exchange rates for 252 working days before credit risk calculation date and as of the announcement date negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" may not be included in capital calculation.

As of 30 June 2021, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date. If the specified measure is not taken into account, the capital adequacy ratio decreases to 15.94% as of 30 June 2021.

The Bank plans its Common Equity Tier 1 (CET1) Capital by considering 10% as the minimum target.

(Thousands of Turkish Lira (TL))

4.1.2 Items included in capital calculation

Current Period	***Information about instruments included in total capital calculation***		
Issuer	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479	ISIN: TRSGRANE2915	ISIN: TRSGRAN23013
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the “Regulation on Equities of Banks” and “the Communiqué Regarding the Capital Instruments that will be included in own funds of banks” within the legislation of Capital Markets Board of Turkey.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the “Regulation on Equities of Banks” and “the Communiqué Regarding the Capital Instruments that will be included in own funds of banks” within the legislation of Capital Markets Board of Turkey.
Regulatory treatment			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	6,476 (31 December 2020: 5,535)	253 (31 December 2020: 253)	750 (31 December 2020: 750)
Nominal value of instrument (TL million)	6,476 (31 December 2020: 5,535)	253 (31 December 2020: 253)	750 (31 December 2020: 750)
Accounting classification of the instrument	34701 – Secondary Subordinated Loans	34601– Secondary Subordinated Loans	34601– Secondary Subordinated Loans
Issuance date of instrument	23.05.2017	09.10.2019	14.02.2020
Maturity structure of the instrument (demand/time)	Time	Time	Time
Original maturity of the instrument	24.05.2027	07.10.2029	14.02.2030
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	24.05.2022 – USD 750,000,000	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
Interest/dividend payment			
Fixed or floating coupon/dividend payments	Fixed	Floating	Floating
Coupon rate and any related index	6.1250%	TLREF + 130 bps	TLREF + 250 bps
Existence of any dividend payment restriction	None	None	None
Fully discretionary, partially discretionary or mandatory	-	-	-

Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	None	None	None
Convertible into equity shares	None	None	None
If convertible, conversion trigger (s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, type of instrument convertible into	-	-	-
If convertible, issuer of instrument to be converted into	-	-	-
Write-down feature	Yes	Yes	Yes
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.
If bond can be written-down, full or partial	Partially or fully	Partially or fully	Partially or fully
If bond can be written-down, permanent or temporary	Continuously	Continuously	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

(Thousands of Turkish Lira (TL))

4.1.3 Reconciliation of capital items to balance sheet

Current Period	*Carrying value*	*Amount of correction*	*Value at capital report*	*Explanation of differences*
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	*772,554*	*(772,554)*	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	*11,880*	-	*11,880*	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	5,154,811	75,802	5,230,613	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	*1,764,841*	-	*1,764,841*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*3,389,970*	*75,802*	*3,465,772*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	51,790,591	-	51,790,591	
Profit or Loss	5,391,053	-	5,391,053	
Prior Periods' Profit/Loss	*13,283*	-	*13,283*	
Current Period Net Profit/Loss	*5,377,770*	-	*5,377,770*	
Minority Interest	258,861	(148,361)	110,500	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		828,701	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**67,579,750**		**66,678,490**	
Subordinated Debts				
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**66,678,490**	
Subordinated Debts			7,479,130	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			4,960,930	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			**12,440,060**	
Deductions from Total Capital (-)			2,509	Deductions from Capital as per the Regulation
Total			**79,116,041**	

(Thousands of Turkish Lira (TL))

Prior Period	***Carrying value***	***Amount of correction***	***Value at capital report***	***Explanation of differences***
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	*772,554*	*(772,554)*	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	*11,880*	-	*11,880*	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	4,793,973	310,373	5,104,346	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	*1,712,571*	-	*1,712,571*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*3,081,402*	*310,373*	*3,391,775*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	45,869,743	-	45,869,743	
Profit or Loss	6,513,366	-	6,513,366	
Prior Periods' Profit/Loss	*208,276*	-	*208,276*	
Current Period Net Profit/Loss	*6,305,090*	-	*6,305,090*	
Minority Interest	247,679	(149,427)	98,252	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		716,139	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**62,409,195**		**61,854,002**	
Subordinated Debts				
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**61,854,002**	
Subordinated Debts			6,537,880	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			4,623,236	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			**11,161,116**	
Deductions from Total Capital (-)			1,884	Deductions from Capital as per the Regulation
Total			**73,013,234**	

(Thousands of Turkish Lira (TL))

4.2 Consolidated credit risk

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

4.3 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2021, the Bank and its financial subsidiaries' net 'on balance sheet' foreign currency short position amounts to TL 48,325,512 (31 December 2020: TL 35,256,691), net 'off-balance sheet' foreign currency long position amounts to TL 62,908,892 (31 December 2020: TL 48,572,126), while net foreign currency close position amounts to TL 14,583,380 (31 December 2020: TL 13,315,435).

The foreign currency position risk is measured by "standard method" and "value-at-risk (VaR) model". Measurements by standard method are carried out monthly, whereas measurements by VaR are done daily for the Bank. The foreign currency exchange risk is managed through transaction, dealer, desk and stop-loss limits approved by the Board of Directors for the trading portfolio beside the foreign currency net position standard ratio and the VaR limit.

The Bank's effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank in TL are as follows:

	EUR	USD
The Bank's foreign currency purchase rate at balance sheet date	10.2420	8.6350
Foreign currency rates for the days before balance sheet date;		
Day 1	10.3520	8.6960
Day 2	10.3370	8.6683
Day 3	10.4120	8.7138
Day 4	10.3390	8.6693
Day 5	10.2810	8.6058
Last 30-days arithmetical average rate	10.3331	8.5823

(Thousands of Turkish Lira (TL))

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	16,981,798	27,784,139	12,192,529	56,958,466
Banks	10,981,933	11,833,105	3,059,938	25,874,976
Financial Assets Measured at Fair Value through Profit/Loss	315,072	5,114,957	447,085	5,877,114
Money Market Placements	1,340,830	1,774,795	-	3,115,625
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,621,455	6,148,665	2,394,019	13,164,139
Loans (*)	76,653,346	71,901,540	12,346,042	160,900,928
Investments in Associates, Subsidiaries and Joint-Ventures	5,628	-	1,463	7,091
Financial Assets Measured at Amortised Cost	447,290	11,446,024	-	11,893,314
Derivative Financial Assets Held for Hedging Purpose	5,099	14,480	-	19,579
Tangible Assets	324,174	272	212,645	537,091
Intangible Assets (**)	-	-	-	-
Other Assets (***)	(158,188)	1,072,079	(187,666)	726,225
Total Assets	**111,518,437**	**137,090,056**	**30,466,055**	**279,074,548**
Liabilities				
Bank Deposits	1,009,145	177,233	17,348	1,203,726
Foreign Currency Deposits	83,310,144	122,683,991	16,514,661	222,508,796
Money Market Funds	3,063,327	1,420,539	224	4,484,090
Other Fundings	13,937,913	14,307,284	397,266	28,642,463
Securities Issued (****)	1,081,004	37,580,544	-	38,661,548
Miscellaneous Payables	1,268,049	619,684	133,953	2,021,686
Derivative Financial Liabilities Held for Hedging Purpose	80,017	572,998	-	653,015
Other Liabilities (*****)	2,065,937	4,088,823	23,069,976	29,224,736
Total Liabilities	**105,815,536**	**181,451,096**	**40,133,428**	**327,400,060**
Net 'On Balance Sheet' Position	**5,702,901**	**(44,361,040)**	**(9,667,373)**	**(48,325,512)**
Net 'Off-Balance Sheet' Position	**15,333**	**50,106,529**	**12,787,030**	**62,908,892**
Derivative Assets	16,038,742	94,262,953	23,929,807	134,231,502
Derivative Liabilities	16,023,409	44,156,424	11,142,777	71,322,610
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	**106,512,648**	**117,618,090**	**30,633,467**	**254,764,205**
Total Liabilities	**89,510,091**	**162,878,000**	**37,632,805**	**290,020,896**
Net 'On Balance Sheet' Position	**17,002,557**	**(45,259,910)**	**(6,999,338)**	**(35,256,691)**
Net 'Off-Balance Sheet' Position	**(11,964,312)**	**50,846,573**	**9,689,865**	**48,572,126**
Derivative Assets	15,877,995	88,167,620	14,934,927	118,980,542
Derivative Liabilities	27,842,307	37,321,047	5,245,062	70,408,416
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 392,673 included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) As per the principles of "Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis", Intangible Assets have not been included in the currency risk measurement.

(***) Includes expected credit losses in accordance with TFRS 9.

(****) Includes securities issued as subordinated loan presented under subordinated debts and financial liabilities measured at FVTPL in the balance sheet.

(*****) The gold deposits of TL 22,650,873 included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.4 Consolidated interest rate risk

The interest rate risk resulting from balance sheet maturity mismatch presents the possible losses that may arise due to the changes in interest rates of interest sensitive assets and liabilities in the on- and off-balance sheet. Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the Weekly Assessment Committee and Assets-Liabilities Committee meetings taking into consideration the developments in market conditions.

The Bank's interest rate risk is measured by using, economic value, economic capital, net interest income, income at risk, market price sensitivity of marketable securities portfolio, duration-gap and sensitivity analysis.

The results are supported by the sensitivity and scenario analysis performed periodically against the possible instabilities in the markets. Furthermore, the interest rate risk is monitored according to the limits approved by the Board of Directors.

(Thousands of Turkish Lira (TL))

4.4.1 Interest rate sensitivity of assets, liabilities and off balance sheet items (based on repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	38,655,786	-	-	-	-	34,834,943	73,490,729
Banks	7,524,608	202,296	222,035	-	63,785	18,741,137	26,753,861
Financial Assets Measured at Fair Value through Profit/Loss	1,558,189	125,362	4,839,866	290,112	188,798	697,754	7,700,081
Money Market Placements	10,358,881	2,518,006	279,036	-	-	5,090	13,161,013
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,845,459	5,660,742	9,164,855	9,325,306	6,533,274	5,575,464	41,105,100
Loans	110,789,784	39,794,075	125,253,989	97,189,153	21,139,603	11,604,427	405,771,031
Financial Assets Measured at Amortised Cost	2,600,506	2,134,134	8,037,969	9,204,742	4,314,928	6,849,477	33,141,756
Other Assets (**)	17,473	84,537	31,318	69,415	4,945	6,455,866	6,663,554
Total Assets	**176,350,686**	**50,519,152**	**147,829,068**	**116,078,728**	**32,245,333**	**84,764,158**	**607,787,125**
Liabilities							
Bank Deposits	327,237	21,455	-	-	-	1,596,779	1,945,471
Other Deposits	165,648,963	40,298,685	25,432,778	4,131,165	8,895	174,486,470	410,006,956
Money Market Funds	446,788	197,856	1,452,183	3,178,666	-	29,284	5,304,777
Miscellaneous Payables	-	-	-	-	-	19,590,470	19,590,470
Securities Issued (***)	8,693,201	3,693,482	1,983,790	11,965,400	18,038,774	392,882	44,767,529
Other Fundings	3,591,097	11,052,615	14,318,494	1,823,082	25,852	174,451	30,985,591
Other Liabilities	18,201	35,635	119,218	462,559	129,210	94,421,508	95,186,331
Total Liabilities	**178,725,487**	**55,299,728**	**43,306,463**	**21,560,872**	**18,202,731**	**290,691,844**	**607,787,125**
On Balance Sheet Long Position	**-**	**-**	**104,522,605**	**94,517,856**	**14,042,602**	**-**	**213,083,063**
On Balance Sheet Short Position	**(2,374,801)**	**(4,780,576)**	**-**	**-**	**-**	**(205,927,686)**	**(213,083,063)**
Off-Balance Sheet Long Position	**28,364,634**	**19,792,366**	**25,315,458**	**12,118,172**	**16,418,727**	**-**	**102,009,357**
Off-Balance Sheet Short Position	**(10,861,284)**	**(11,894,985)**	**(31,111,871)**	**(22,935,018)**	**(23,036,879)**	**-**	**(99,840,037)**
Total Position	**15,128,549**	**3,116,805**	**98,726,192**	**83,701,010**	**7,424,450**	**(205,927,686)**	**2,169,320**

(*) Interest accruals are included in non-interest bearing column.
(**) Includes expected credit losses in accordance with TFRS 9.
(***) Includes securities issued having qualification of subordinated loan presented under subordinated debts and financial liabilities measured at FVTPL in the balance sheet.

(Thousands of Turkish Lira (TL))

Prior Period	**Up to 1 Month**	**1-3 Months**	**3-12 Months**	**1-5 Years**	**5 Years and Over**	**Non-Interest Bearing (*)**	**Total**
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	21,781,892	-	-	-	-	33,937,455	55,719,347
Banks	7,899,203	145,185	221,242	-	65,371	20,918,298	29,249,299
Financial Assets at Fair Value through Profit/Loss	121,652	156,864	6,621,314	567,060	34,836	881,005	8,382,731
Money Market Placements	8,666,177	798,183	239,363	-	-	3,065	9,706,788
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,505,043	5,941,973	5,613,013	9,546,527	6,562,198	5,616,811	36,785,565
Loans	84,830,111	43,814,653	115,732,970	87,848,725	17,083,286	11,358,661	360,668,406
Financial Assets Measured at Amortised Cost	2,535,903	2,274,122	10,104,577	8,039,157	4,363,794	5,921,358	33,238,911
Other Assets (**)	158,019	165,689	27,044	63,987	6,938	6,740,081	7,161,758
Total Assets	**129,498,000**	**53,296,669**	**138,559,523**	**106,065,456**	**28,116,423**	**85,376,734**	**540,912,805**
Liabilities							
Bank Deposits	618,842	718	-	-	-	734,195	1,353,755
Other Deposits	148,003,876	36,232,482	15,990,312	4,353,490	163,083	152,003,350	356,746,593
Money Market Funds	750,442	945,271	181,195	1,266,256	-	20,814	3,163,978
Miscellaneous Payables	-	-	-	-	-	16,096,546	16,096,546
Securities Issued (***)	10,355,512	2,854,920	4,205,539	12,078,742	15,547,005	512,271	45,553,989
Other Fundings	3,130,547	8,829,527	12,712,012	1,805,954	85,199	56,944	26,620,183
Other Liabilities	17,897	39,922	104,253	533,275	184,406	90,498,008	91,377,761
Total Liabilities	**162,877,116**	**48,902,840**	**33,193,311**	**20,037,717**	**15,979,693**	**259,922,128**	**540,912,805**
On Balance Sheet Long Position	**-**	**4,393,829**	**105,366,212**	**86,027,739**	**12,136,730**	**-**	**207,924,510**
On Balance Sheet Short Position	**(33,379,116)**	**-**	**-**	**-**	**-**	**(174,545,394)**	**(207,924,510)**
Off-Balance Sheet Long Position	**29,382,108**	**23,142,759**	**22,357,290**	**8,563,500**	**15,890,918**	**-**	**99,336,575**
Off-Balance Sheet Short Position	**(13,365,426)**	**(16,413,723)**	**(21,301,921)**	**(23,366,930)**	**(22,422,124)**	**-**	**(96,870,124)**
Total Position	**(17,362,434)**	**11,122,865**	**106,421,581**	**71,224,309**	**5,605,524**	**(174,545,394)**	**2,466,451**

(*) Interest accruals are included in non-interest bearing column.
(**) Includes expected credit losses in accordance with TFRS 9.
(***) Includes subordinated securities issued and financial liabilities measured at FVTPL and presented under subordinated debts in balance sheet .

(Thousands of Turkish Lira (TL))

4.4.2 Average interest rates on monetary financial instruments (%)

Current Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.07)	-	-	10.17
Banks	(0.72)-0.35	0.01-2.00	-	15.75-19.35
Financial Assets at Fair Value through Profit/Loss	2.87	5.13-10.00	-	3.00-25.00
Money Market Placements	(0.64)-(0.60)	0.03	-	16.00-19.03
Financial Assets Measured at Fair Value through Other Comprehensive Income	0.25-4.35	3.25-11.88	-	11.62-16.32
Loans (*)	0.32-9.50	0.03-7.73	-	10.72-26.30
Financial Assets Measured at Amortised Cost	1.52	5.23	-	15.61
Liabilities				
Bank Deposits	0.01	-	-	18.08
Other Deposits	(0.75)-1.90	0.03-3.70	-	6.00-16.25
Money Market Fundings	(0.50)	2.62	-	4.71-19.50
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.76	-	17.80-19.30
Other Fundings	0.20-3.55	0.20-3.83	-	8.97-21.18

Prior Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.07)	-	-	5.40
Banks	(0.63)-4.25	0.09-4.44	-	12.30-18.60
Financial Assets at Fair Value through Profit/Loss	2.53	3.81-10.00	-	3.00-15.52
Money Market Placements	-	0.08	-	12.30-17.96
Financial Assets Measured at Fair Value through Other Comprehensive Income	0.63-4.35	3.25-11.88	-	11.27-15.11
Loans (*)	0.15-10.56	0.17-6.67	-	10.50-21.25
Financial Assets Measured at Amortised Cost	1.39	5.31	-	11.39-14.56
Liabilities				
Bank Deposits	(0.30)-0.01	0.35-0.75	-	14.42
Other Deposits	(0.75)- 7.00	0.02-3.60	-	6.00-14.25
Money Market Fundings	(0.50)-(0.38)	0.33-2.62	-	7.48-18.50
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.76	-	9.25-15.40
Other Fundings	0.30-5.50	0.50-4.46	-	5.32-19.97

(*) Lease receivables and factoring receivables are included.

(Thousands of Turkish Lira (TL))

4.5 Consolidated position risk of equity securities

4.5.1 Equity shares in associates and subsidiaries

Accounting policies for equity shares in associates and subsidiaries are disclosed in Note 3.3.

4.5.2 Comparison of carrying, fair and market values of equity shares

Current Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value**	**Market Value**
1	**Investment in Shares- Grade A**	**50,965**	**-**	**-**
	Quoted Securities	-	-	-
2	**Investment in Shares- Grade B**	**25,555**	**-**	**-**
	Quoted Securities	-	-	-
3	**Investment in Shares- Grade C**	**822**	**-**	**-**
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	**-**	**-**	**-**
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	**-**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	**-**	**-**
	Quoted Securities	-	-	-

Prior Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value**	**Market Value**
1	**Investment in Shares- Grade A**	**139,056**	**-**	**-**
	Quoted Securities	-	-	-
2	**Investment in Shares- Grade B**	**25,555**	**-**	**-**
	Quoted Securities	-	-	-
3	**Investment in Shares- Grade C**	**822**	**-**	**-**
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	**-**	**-**	**-**
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	**-**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	**-**	**-**
	Quoted Securities	-	-	-

4.5.3 Realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals

Current Period		**Gains/Losses in Current Period**	**Revaluation Surpluses**		**Unrealized Gains and Losses**		
Portfolio			**Total**	**Amount in Tier I Capital**	**Total**	**Amount in Core Capital**	**Amount in Tier I Capital**
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	41,281	-	41,281
3	Other Shares	-	55,087	55,087	-	-	-
	Total	-	**55,087**	**55,087**	**41,281**	-	**41,281**

(Thousands of Turkish Lira (TL))

	Prior Period		Revaluation Surpluses		Unrealized Gains and Losses		
	Portfolio	**Gains/Losses in Current Period**	**Total**	**Amount in Tier I Capital**	**Total**	**Amount in Core Capital**	**Amount in Tier I Capital**
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	43,051	-	43,051
3	Other Shares	-	28,973	28,973	-	-	-
	Total	**-**	**28,973**	**28,973**	**43,051**	**-**	**43,051**

4.5.4 Capital requirement as per equity shares

	Current Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	78,404	77,522	6,202
	Total	**78,404**	**77,522**	**6,202**

	Prior Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	166,495	166,495	13,320
	Total	**166,495**	**166,495**	**13,320**

4.6 Liquidity risk management and consolidated liquidity coverage ratio

Liquidity risk is managed by Asset and Liability Management Department (ALMD), Weekly Review Committee and Asset and Liability Committee (ALCO) in line with liquidity and funding policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure. Under stressed conditions, liquidity risk is managed within the contingency funding plan framework.

The Board of Directors reviews the liquidity risk management policy and approves the liquidity and funding risk policies, ensures the effective of practice of policies and integrations with the Bank's risk management system. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring. The Board of Directors establishes risk appetite of the Bank in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Bank is exposed to and considering the Bank's strategy and conditions of competition and pursues the implementations.

ALMD, performs daily liquidity management by ensuring compliance with regulatory and internal liquidity limits and monitoring related early warning indicators in case of probable liquidity squeezes. The medium and long term liquidity and funding management is performed by ALMD in accordance with ALCO decisions.

Head of Risk management defines the Bank’s liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with international standards, presents measurement results periodically to related departments, committees and senior management. Head of Risk management coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank’s risk profile, operation environment and strategic plan with regulations. Head of Risk management analyses, develops and revises relevant liquidity risk measurement in accordance with changing market conditions and the Bank’s structure. Head of Risk Management department reviews assumptions and parameters used in liquidity risk analysis.

The liquidity risk analysis and the important liquidity indicators are reported monthly to related senior management. Additionally, analysis and monitored internal ratios related to liquidity risk are presented in ALCO report. Internal liquidity metrics are monitored with limit and alert levels approved by the Board of Directors/ the Board of Directors Risk Committee and reported regularly to related parties.

Decentralized management approach is adopted in liquidity management. Each subsidiary controlled by the Bank performs daily, medium and long term liquidity management independently from the Bank by the authorities in each subsidiary responsible for managing liquidity risk. In addition, within the scope of consolidated risk management, liquidity and funding risk of each subsidiary in control are monitored via the liquidity risk management methods identified by the Bank by considering the operations, risk profile and regulations of the related subsidiary.

The Bank's funding management is carried out in compliance with the ALCO decisions. Funding and placement strategies are developed by assessing liquidity.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured so as to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank's funding base of customer deposits, interbank and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed. Additionally, in order to have a healthy liquidity buffer, most of the securities which are eligible as collateral at CBRT issued by Republic of Turkey Ministry of Treasury and Finance have active secondary market are comprised in the Bank’s assets.

In the context of TL and foreign currencies liquidity management, the cash flows regarding assets and liabilities are monitored and the required liquidity in future periods is forecasted. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Bank is managed by establishing risk appetite, risk mitigation according to the liquidity and funding policies (diversification of funding sources, holding high quality liquid assets reserve) and effective control environment and closely monitoring by limits. For those risks that cannot be reduced, the adoption of the current level of risk, reduction or termination of the activities that cause the risk is considered.

In liquidity risk stress testing framework, the level of the Bank’s ability to cover cash outflows in liquidity crisis scenario based on the Bank’s current cash flow structure, by high quality liquid assets is calculated. Scenario analysis are performed by assessing changing balance sheet structure, liquidity requirements and market conditions.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of policy regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists "Liquidity Contingency Plan" in the Bank approved by the Board of Directors including mechanisms to prevent increase in liquidity risk scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators, and probable scenarios where liquidity risk crisis and possible actions that can be taken.

In the scope of contingency plan within the framework of intraday liquidity risk management in liquidity and funding risk procedure, situations requiring the activation of contingency plan and indicating an intraday liquidity stress, and intraday liquidity metrics are monitored and intraday liquidity risk stress testing is performed. Furthermore, "Liquidity Contingency Plan" which is approved by the Board of Directors, is prepared independently in each subsidiary controlled by the Bank.

The Bank's liabilities consist of TL and foreign currency funding, of which a large portion is USD/EUR. Besides Customers' gold which is bought especially in 2020 and kept as deposit still continues to be an important funding source. Deposits and capital constitute most of TL funding. For the reasons like real person customers cannot use foreign currency credit but are able to deposit foreign currency funds, TL and foreign currency deposit and credit amount may differ. Long term funding obtained from foreign banks and creditors are mainly in foreign currency. For these reasons overall foreign currency liabilities are usually more than foreign currency assets even though there was de-dollarization in the first half of 2021 and unused portion of USD, EURO and gold are used in TL funding via currency swap transactions. Swap transactions which is made for TL funding are made with CBRT, however swap transactions with foreign banks are being made in legal swap limits. Repo lines by open market operations and Borsa Istanbul ("OMO / BİST") aren't used to full extent, unused limits and high quality liquid asset stock is held is kept to use in the case of a liquidity scarcity in market. Also T.C. Eurobonds aren't used to secure funding and kept as reserve to use in the case of a foreign currency liquidity scarcity in market. In TL and foreign currency liquidity management, regulatory ratios, internally set warnings, limits and other liquidity and funding metrics are monitored. In the first half of 2021, The Bank turned to sticky consumer deposits to increase of weights Consumer/SME deposits in TL deposits which contributes to liquidity ratios such as the internal stress test.

The Bank keeps a strong liquidity buffer due to possible liquidity risks posed by the pandemic. With this approach, the effect of volatility in the markets due to the adverse effects of COVID-19 outbreak on the Bank's liquidity need is in minimum level. Excess liquidity is utilized as overnight reverse repurchase transactions in BİST, in which, the collateral received by the bank is HQLA securities issued by CBRT and Ministry of Treasury and Finance.

An increase in consumer loan demands within the effects of COVID-19 outbreak continues and customers prefers to extend their existing loans maturities. On the other hand, the Banks is well-prepared for similar scenarios that matured loans are not presented as cash inflow in the Bank's internal liquidity metrics and therefore restructuring loans do not have a negative effect on the liquidity ratios. On the contrary, metrics such as Bank's Liquidity Coverage Ratio are in extremely healthy level and this liquidity is used for funding the increase in loan demands.

4.6.1 Liquidity coverage ratio

Liquidity Coverage Ratio (LCR), aims for the banks having the ability to cover 30 days of liquidity needs with their own cash and high quality liquid assets that are easy to convert to cash during liquidity shortages in the markets. With that perspective and according to "Regulation for Banks' Liquidity Coverage Ratio Calculations" (the Regulation) terms LCR ratio is calculated by having high quality liquid assets divided by net cash outflows. In both bank-only and consolidated basis, LCR ratio should be at least 80% for foreign currency and 100% for total.

Items in balance sheet and off balance sheet items are taken into account after being multiplied by the coefficients advised in the Regulation. In both bank-only and consolidated LCR calculations cash inflows are limited by 75% of cash outflows and cash inflows from high quality liquid assets aren't included.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. High quality liquid assets are composed of 6.09% cash, 41.35% deposits in central banks and 52.56% securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 80.37% deposits, 7.08% funds borrowed and money market borrowings, 8.73% securities issued and % 3.82 other liabilities.

In consolidated LCR calculations, cash outflows are mainly consist of deposits, secured and unsecured borrowings, securities issued and off balance sheet items.

The cash flows from derivative financial instruments are included in consolidated LCR calculations according to the Regulation's terms. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

(Thousands of Turkish Lira (TL))

Current Period		**Total Unweighted Value (Average) (*)**		**Total Weighted Value (Average) (*)**	
		TL+FC	**FC**	**TL+FC**	**FC**
High-Quality Liquid Assets				132,297,290	72,638,203
1	Total high-quality liquid assets (HQLA)	132,479,895	72,638,203	132,297,290	72,638,203
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	282,373,878	166,960,292	25,996,926	16,630,755
3	Stable deposits	44,809,242	1,305,492	2,240,462	65,275
4	Less stable deposits	237,564,636	165,654,800	23,756,464	16,565,480
5	Unsecured wholesale funding, of which:	104,064,820	64,130,950	53,290,593	31,570,465
6	Operational deposits	-	-	-	-
7	Non-operational deposits	84,311,846	56,341,772	38,337,269	24,868,815
8	Unsecured funding	19,752,974	7,789,178	14,953,324	6,701,650
9	Secured wholesale funding	2,350,489	31,494	351,267	31,494
10	Other cash outflows of which:	169,561,416	57,461,488	26,662,785	21,358,461
11	Outflows related to derivative exposures and other collateral requirements	12,171,443	15,192,605	12,171,443	15,192,605
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	157,389,973	42,268,883	14,491,342	6,165,856
14	Other revocable off-balance sheet commitments and contractual obligations	4,436,476	3,709,507	221,824	185,475
15	Other irrevocable or conditionally revocable off-balance sheet obligations	17,808,030	17,578,817	890,401	878,941
16	**Total Cash Outflows**	**580,595,109**	**309,872,548**	**107,413,796**	**70,655,591**
Cash Inflows					
17	Secured receivables	165,279	-	-	-
18	Unsecured receivables	50,665,820	26,860,178	35,913,309	20,988,392
19	Other cash inflows	1,615,351	29,093,207	1,577,532	29,088,766
20	**Total Cash Inflows**	**52,446,450**	**55,953,385**	**37,490,841**	**50,077,158**
				Upper Limit Applied Values	
21	**Total HQLA**			**132,297,290**	**72,638,203**
22	**Total Net Cash Outflows**			**69,922,954**	**23,014,249**
23	**Liquidity Coverage Ratio (%)**			**189.30%**	**324.55%**

(*) The average of last three months' simple averages of daily figures.

The table below presents the last three months'consolidated Liquidity Ratios:

Period	**TL+FC**	**FC**
30 April 2021	179.60%	263.07%
31 May 2021	184.05%	316.46%
30 June 2021	204.26%	394.12%

(Thousands of Turkish Lira (TL))

	Prior Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				126,032,909	70,040,350
1	Total high-quality liquid assets (HQLA)	126,203,185	70,040,350	126,032,909	70,040,350
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	261,075,463	162,270,256	24,046,422	16,165,448
3	Stable deposits	41,222,484	1,231,545	2,061,124	61,577
4	Less stable deposits	219,852,979	161,038,711	21,985,298	16,103,871
5	Unsecured wholesale funding, of which:	102,101,201	59,125,079	52,434,274	28,699,864
6	Operational deposits	-	-	-	-
7	Non-operational deposits	82,317,838	51,632,393	36,990,764	22,256,103
8	Unsecured funding	19,783,363	7,492,686	15,443,510	6,443,761
9	Secured wholesale funding	845,156	-	538,803	-
10	Other cash outflows of which:	148,726,089	53,443,587	24,239,896	20,394,324
11	Outflows related to derivative exposures and other collateral requirements	11,786,346	14,967,811	11,786,346	14,967,811
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	136,939,743	38,475,776	12,453,550	5,426,513
14	Other revocable off-balance sheet commitments and contractual obligations	1,290,631	606,577	64,532	30,329
15	Other irrevocable or conditionally revocable off-balance sheet obligations	14,233,664	13,802,738	711,683	690,137
16	**Total Cash Outflows**	**528,272,204**	**289,248,237**	**102,035,610**	**65,980,102**
Cash Inflows					
17	Secured receivables	92,565	-	-	-
18	Unsecured receivables	39,195,168	22,133,052	28,374,505	16,816,359
19	Other cash inflows	1,340,578	25,119,618	1,275,375	25,084,909
20	**Total Cash Inflows**	**40,628,311**	**47,252,670**	**29,649,880**	**41,901,268**
				Upper Limit Applied Values	
21	**Total HQLA**			**126,032,909**	**70,040,350**
22	**Total Net Cash Outflows**			**72,385,730**	**24,078,834**
23	**Liquidity Coverage Ratio (%)**			**174.33%**	**296.20%**

(*) The average of last three months' simple averages of daily figures.

The table below presents the last three months' consolidated Liquidity Ratios of the year 2020 :

Period	**TL+FC**	**FC**
31 October 2020	173.00%	223.90%
30 November 2020	173.08%	300.94%
31 December 2020	176.92%	363.75%

(Thousands of Turkish Lira (TL))

4.6.2 Maturity analysis of liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank	44,304,943	29,185,786	-	-	-	-	-	**73,490,729**
Banks	23,340,729	2,905,574	204,442	239,906	37,553	25,657	-	**26,753,861**
Financial Assets at Fair Value through Profit/Loss	519,914	1,434,065	49,373	4,748,960	680,636	252,427	14,706	**7,700,081**
Money Market Placements	-	10,364,109	2,517,157	279,040	-	-	707	**13,161,013**
Financial Assets Measured at Fair Value through Other Comprehensive Income	376,258	1,011,972	601,796	5,748,219	21,988,682	11,378,173	-	**41,105,100**
Loans	1,087,643	63,274,583	40,135,785	117,360,082	128,281,023	34,618,076	21,013,839	**405,771,031**
Financial Assets Measured at Amortised Cost	-	470,907	-	2,742,931	23,338,638	6,589,280	-	**33,141,756**
Other Assets (*)	9,486,030	2,247,069	1,219,755	798,467	1,208,733	1,288,241	(9,584,741)	**6,663,554**
Total Assets	**79,115,517**	**110,894,065**	**44,728,308**	**131,917,605**	**175,535,265**	**54,151,854**	**11,444,511**	**607,787,125**
Liabilities								
Bank Deposits	1,595,584	328,360	21,527	-	-	-	-	**1,945,471**
Other Deposits	177,761,561	163,731,003	40,659,963	24,265,960	3,572,659	15,810	-	**410,006,956**
Other Fundings	-	3,687,633	1,989,523	18,343,706	5,203,206	1,761,523	-	**30,985,591**
Money Market Funds	-	459,444	1,939,191	1,465,057	1,441,085	-	-	**5,304,777**
Securities Issued (**)	-	100,819	4,120,969	545,838	18,749,972	21,249,931	-	**44,767,529**
Miscellaneous Payables	18,378,867	670,340	101,203	59,986	2,881	317	376,876	**19,590,470**
Other Liabilities (***)	5,510,842	1,494,562	1,473,678	877,221	1,456,973	3,687,034	80,686,021	**95,186,331**
Total Liabilities	**203,246,854**	**170,472,161**	**50,306,054**	**45,557,768**	**30,426,776**	**26,714,615**	**81,062,897**	**607,787,125**
Liquidity Gap	**(124,131,337)**	**(59,578,096)**	**(5,577,746)**	**86,359,837**	**145,108,489**	**27,437,239**	**(69,618,386)**	**-**
Net Off-Balance Sheet Position	**6,869**	**(199,009)**	**(565,305)**	**(261,413)**	**1,255,197**	**(59,298)**	**-**	**177,041**
Derivative Financial Assets	(44,246)	70,345,370	49,134,252	18,784,527	8,592,148	1,861,892	-	**148,673,943**
Derivative Financial Liabilities	(51,115)	70,544,379	49,699,557	19,045,940	7,336,951	1,921,190	-	**148,496,902**
Non-Cash Loans	**-**	**33,881,100**	**6,559,638**	**2,228,714**	**6,249,734**	**688,802**	**169,157,069**	**218,765,057**
Prior Period								
Total Assets	**66,159,915**	**93,221,970**	**38,547,549**	**117,424,079**	**162,936,340**	**49,275,605**	**13,347,347**	**540,912,805**
Total Liabilities	**174,754,243**	**156,673,274**	**47,674,271**	**32,364,825**	**29,200,694**	**24,900,778**	**75,344,720**	**540,912,805**
Liquidity Gap	**(108,594,328)**	**(63,451,304)**	**(9,126,722)**	**85,059,254**	**133,735,646**	**24,374,827**	**(61,997,373)**	**-**
Net Off-Balance Sheet Position	**-**	**(796,440)**	**(2,522,343)**	**(320,890)**	**1,169,324**	**333,876**	**-**	**(2,136,473)**
Derivative Financial Assets	-	69,857,751	40,608,005	16,406,111	6,272,979	1,878,345	-	**135,023,191**
Derivative Financial Liabilities	-	70,654,191	43,130,348	16,727,001	5,103,655	1,544,469	-	**137,159,664**
Non-Cash Loans	**-**	**28,805,359**	**6,358,330**	**1,605,830**	**3,678,997**	**243,894**	**144,931,407**	**185,623,817**

(*) Includes expected credit losses in accordance with TFRS 9.
(**) Includes subordinated securities issued and financial liabilities measured at FVTPL.
(***) Shareholders' Equity is included in "Other Liabilities" line under "Undistributed" column.

(Thousands of Turkish Lira (TL))

4.6.3 Contractual maturity analysis of liabilities according to remaining maturities

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

4.7 Consolidated leverage ratio

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.

The Bank's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods, is 7.98% (31 December 2020: 8.28%). While the capital increased by 6.75% mainly as a result of increase in net profits, total risk amount increased by 10.82%. Therefore, the current period leverage ratio decreased by 30 basis points compared to prior period.

		Current Period(***)	***Prior Period***(***)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) (**)	541,974,328	526,380,516
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" (**)	(1,061,523)	(471,116)
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(22,648,831)	(20,229,036)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" and risk amounts	17,203,317	21,674,603
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	1,719,363	2,533,857
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
7	Total risk amount	827,313,644	746,499,630

(*) Consolidated financial statements prepared in compliance with the paragraph 6 of Article 5 of the Communiqué "Preparation of Consolidated Financial Statements."

(**) The consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 31 December 2020 for the current period and 30 September 2020 for the prior period, are considered.

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

(Thousands of Turkish Lira (TL))

		Current Period(*)	***Prior Period***(*)
On-balance sheet assets			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	592,843,952	546,520,546
2	(Assets deducted in determining Tier I capital)	(778,233)	(709,113)
3	Total on-balance sheet risks (sum of lines 1 and 2)	592,065,719	545,811,433
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	6,049,150	6,846,537
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	22,746,553	20,360,234
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	28,795,703	27,206,771
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,067,375	371,602
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	1,067,375	371,602
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	207,104,210	175,643,681
11	(Adjustments for conversion to credit equivalent amounts)	(1,719,363)	(2,533,857)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	205,384,847	173,109,824
Capital and total risks			
13	Tier I capital	65,938,655	61,767,602
14	Total risks (sum of lines 3, 6, 9 and 12)	827,313,644	746,499,630
Leverage ratio			
15	Leverage ratio	7.98%	8.28%

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

4.8 Fair values of financial assets and liabilities

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

4.9 Transactions carried out on behalf of customers and items held in trust

None.

4.10 Risk management objectives and policies

The notes under this caption are prepared as per the "Regulation on Calculation of Risk Management Disclosures" published in the Official Gazette No. 29511 dated 23 October 2015.

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

Risk Management ensures that; risk management policies and principles are applied and adopted throughout the Bank and its consolidated subsidiaries and that risk management system is maintained and improved which pursues risk-return relationship, and measures all risks together and which is in compliance with applicable regulation, bank strategies and policies and where limits determined in connection with the risk appetite approved by the Board of Directors are not breached. Risk Management defines, measures, reports, monitors the risks and ensure the activities executed in order to control these risks thoroughly and timely; also monitors the results.

Policies and procedures regarding risk management are established for consolidated subsidiaries. Policies and procedures are prepared in compliance with applicable legislations that the subsidiaries subject to and the Parent Bank's risk management strategy, reviewed regularly and revised if necessary.

The Parent Bank ensures that risk management system is applied in subsidiaries where risks are defined, measured, monitored and controlled.

Risk management activities are structured under the responsibility of the Board of Directors. Besides oversight of corporate risk management policies and practices, capital adequacy and planning with liquidity adequacy subjects, management of various risks that the Bank may be exposed to is the responsibility of the Risk Committee, which consists of members of the Board of Directors. Accordingly, the Risk Management, which performs risk management functions, reports to the Board of Directors via the Risk Committee, whereas the Internal Audit Department, performing internal audit functions, the Internal Control Unit, performing internal control functions, and the Compliance Department, which implements compliance controls and performs activities to prevent laundering proceeds of crime, and financing of terrorism, report directly to the Board of Directors. Senior managements responsibility is to report to Board of Directors about the significant risk the Bank encounters, ensure the compliance with the risk management about own duties, eliminate the risks, deficiencies and errors occurring in the units responsible or take the necessary measures, participate in design and implementation of internal capital adequacy assessment process (ICAAP); participate in process of assessing the adequacy and appropriateness of the underlying assumptions, data sources and principles used to measure the assumptions and risks associated with the models. The Bank's main approach for the implementation of risk management model is establishing risk culture throughout the Bank, and aims that the importance of risk management for maintaining business operations is understood and risk awareness and sensitivity is ensured for decision making and implementation mechanisms process by all employees.

The Bank manages all exposed crisis situations within the framework of business continuity policy and business continuity program formed by strategic goals which designate The Bank's business continuity vision and principles; takes necessary actions.

Compliant with legislation, the Bank measures and monitors risks that exposed to, considering methods suitable with international standards. Risk measuring and reporting are performed via advanced methods and risk management softwares. Risk based detailed reports are prepared for management of significant risks, in order to determine strategies and take decisions, in this scope, reports are prepared for Board of Directors, relevant committees and senior management.

The Bank's risk appetite framework determines the risk level that the Board of Directors is prepared to accept in order to accomplish the goals and strategies with the consideration of the capacity of the institution to safely absorbs those risks and the Bank monitors regularly risk appetite metrics regarding capital, liquidity, income recurrence and risk based limits.

Risks that the Bank is exposed is managed by providing effective control environment and monitoring limits. Unmitigated risks are either accepted with current risk levels or decreasing/ terminating the activity that causes the risk.

The Risk Management function conducts the ICAAP report, to be sent to the BRSA by coordinating relevant parties. Stress test report is also reported to the BRSA, which evaluates how adverse effects on macroeconomic parameters, in the scope of determined scenarios, affect the Bank's three year budget plan and results, and certain ratios, including capital adequacy.

Training programs for employees, risk reports to the Board of Directors, senior management and committees, risk appetite framework established by the Bank and ICAAP generate significant inputs to ensure that risk management culture is widely embraced.

The effects of developments in COVID-19 on Bank's risk profile and risk appetite framework are closely monitored within risk measurement, reporting and management processes.

(Thousands of Turkish Lira (TL))

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	*Prior Period*	*Current Period*
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	386,840,736	360,123,635	30,947,259
2	Of which standardised approach (SA)	386,840,736	360,123,635	30,947,259
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	10,007,902	9,712,230	800,632
5	Of which standardised approach for counterparty credit risk (SA-CCR)	10,007,902	9,712,230	800,632
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	25,745	23,030	2,060
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	24,228,700	18,058,688	1,938,296
17	Of which standardised approach (SA)	24,228,700	18,058,688	1,938,296
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	55,162,031	44,996,936	4,412,962
20	Of which basic indicator approach	55,162,031	44,996,936	4,412,962
21	Of which standardised approach	-	-	-
22	Of which 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)**	**476,265,114**	**432,914,519**	**38,101,209**

(*) Excluding equity investments in funds and amounts below the thresholds for deductions from capital.

4.10.2 Linkages between financial statements and risk amounts

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.3 Consolidated credit risk

4.10.3.1 General information on consolidated credit risk

4.10.3.1.1 General qualitative information on consolidated credit risk

The Parent Bank's credit risk management policies; under the relevant legislation in line with the Bank's credit strategy approved by the board of directors are created based on the prudence, sustainability and customer credit worthiness principles. Credit risk is managed on a portfolio basis considering the risk/return balance and asset quality of the Bank in the scope of the principles specified in the credit risk policy documents.

Credit risk management is a structured process where credit risks are consistently assessed, quantified and monitored. In order to take the right decision, during the credit process which begins with the application of the customer and includes the phases of determination of the customer's credibility, collateralization, loan configuration, approval and usage, monitoring and closing the exposure, all required financial and non-financial information and documents intended to identify the customer are collected in a centralized database, with this information the customer's financial strength is analyzed, credit risk analysis is done. The customers are graded according to their segment and activity fields and the information is kept updated by inquiring the customers. Thus before a loan is granted, it is ensured that risks are well-understood, sufficient evaluation has been done and after the loan is granted the loan is monitored, controlled and reported.

Diversification to avoid concentrations are performed while determining the Bank's credit risk profile. Credit portfolios are evaluated depending upon the credit type, managed aggregately during their life cycle. Customer selection is made in accordance with the policies and strategies, affordability of the borrower to fulfil on a timely basis all financial obligations with his expected cash flows from foreseeable specific transactions or from its regular operations; without depending upon guarantors, bails or pledged assets is predicated. Necessary risk rating/scoring models are developed, reviewed and validated for the different portfolios of the Bank. These models are created by ensuring the best separation of the customers in terms of their credibility and grading them using the objective criteria. The outputs of the internal rating and scoring models that developed based on the each portfolio are an important part of the loan approval process.

Loan based assessment, allocation and monitoring are carried out within the framework of related processes by related units in the credit group. Credit proposals, on the basis of the determined amount and in the framework of levels of authority, are concluded after being evaluated by the regional offices, loans units and committees of head office, if required by the credit committee and the board of directors. The credit approval authority can be transferred starting from the board of directors by notifying in written.

Each unit operating in credit risk management is responsible for identifying risks arising from its own process, activities and systems, informing senior management and taking necessary action to reduce risk level.

The general risk policy including the risk appetite and indicators is determined by the board of directors. Risk management is handled, in order to reach the determined targets, by carrying out a continuous monitoring process with a proper classification of risks and customers in scope of the effective management mentality. The limit framework and delegation rules are specified by establishing proper decision systems in order to assess the risks correctly. Optimum limit levels are determined by taking into account the loss and returns during the limit setting process.

Organizational structure related to credit risk management and control functions is detailed below: Units within the scope of credit risk management; Corporate and Specialized Loans, Commercial Loans, Corporate and Commercial Loans Restructuring, Commercial Products Collection, Retail and SME Loans Risk Governance, Risk Strategies, Retail Loans Evaluation, Retail Collections, Risk Planning Monitoring and Reporting, Credit Risk Management Advanced Analytics, Risk Projects, Validation, Credit Risk Control and Regional Loans Coordination.

(Thousands of Turkish Lira (TL))

In addition, decisions regarding the credit policy in the corporate governance framework are taken by the relevant committees. In this context, there are Credit Committee, Wholesale Credit, Risk Committee, Retail Credit Risk Committee, Risk Management Committee, Risk Technology and Analytics Committee, Credit Restructuring Committee, NPL and Collection Committee, Credit Admission Committee, and Risk Committee. Allocated limits and conditions that exceeding the limits with their usage, evaluations regarding major risks and non-performing loans with high risk, information regarding NPLs, the data regarding the portfolios of subsidiaries are reported to senior management on a regular basis.

The Risk Management measures, monitors and reports credit risks by using validated probability of defaults obtained from the Bank's rating models, loss that is caused by defaulted customer and credit conversion factors. The Bank's internal capital is calculated and adequacy is assessed by considering stress tests and scenario analysis. Also, by considering optimum risk return balance, expectations regarding economic outlook the limits are determined for credit portfolios. Risk based analyses are executed, credit concentrations are monitored and the results are presented to senior management.

The Bank carries out on-site and central controls regarding credit risk by Internal Control Unit. Additionally, risk and actions regarding the findings identified during process audits are followed up. Moreover, controls regarding credit risk towards branch customer transactions and operational documentation are executed by on-site and central control methodologies. In addition, Risk Management Control which reports to the Risk Management Department conducts periodic controls and assessments on credit risk management on compliance with the Bank's credit risk policies, rules and procedures.

4.10.3.1.2 Credit quality of consolidated assets

	Current Period	*Gross carrying value in consolidated financial statements prepared as per TAS*		*Allowances/amortisation and impairments*	*Net values*
		Defaulted	*Non-defaulted*		
1	Loans	16,159,986	496,686,003	10,595,561	502,250,428
2	Debt securities	-	74,280,722	-	74,280,722
3	Off-balance sheet exposures	1,593,434	101,628,481	901,732	102,320,183
4	**Total**	**17,753,420**	**672,595,206**	**11,497,293**	**678,851,333**

	Prior Period	*Gross carrying value in consolidated financial statements prepared as perTAS*		*Allowances/amortisation and impairments*	*Net values*
		Defaulted	*Non-defaulted*		
1	Loans	16,118,312	424,405,592	10,215,084	430,308,820
2	Debt securities	-	71,395,169	-	71,395,169
3	Off-balance sheet exposures	1,441,170	86,226,142	813,149	86,854,163
4	**Total**	**17,559,482**	**582,026,903**	**11,028,233**	**588,558,152**

(Thousands of Turkish Lira (TL))

4.10.3.1.3 Changes in stock of default loans and debt securities

		Current Period	*Prior Period*
1	**Defaulted loans and debt securities at end of the previous reporting period**	**16,118,312**	**19,510,386**
2	Loans and debt securities defaulted since the last reporting period	1,390,379	2,453,775
3	Receivables back to non-defaulted status	-	-
4	Amounts written off	(1,187,788)	(4,887,932)
5	Other changes	(160,917)	(957,917)
6	**Defaulted loans and debt securities at end of the reporting period**	**16,159,986**	**16,118,312**

4.10.3.1.4 Additional information on credit quality of consolidated assets

Not prepared in compliance with the communique “Risk Management Related Disclosures to be Announced to Public by Banks”.

4.10.3.2 Consolidated credit risk mitigation

4.10.3.2.1 Qualitative disclosure on consolidated credit risk mitigation techniques

Parent Bank assesses the cash flow of the activity or investment subject to credit as the primary repayment source during the credit assignment process.

Calculating the value of the collateral depends on margins determined according to market and FX risks. Standard margins in use throughout the Bank are specific to type of the collateral and changes according to the currency of the collateral.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Operational transactions are handled by centralized Operation unit (ABACUS). During the credit utilization, compliance of all conditions between credit decision and credit utilization (such as collateral conditions) are controlled systematically.

The Bank monitors up to date value of the collaterals by type. Credit monitoring process involves the control of the balance between the value of the collateral and risk besides creditworthiness of the customer.

Within the context of capital adequacy ratio calculation, The Bank’s credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals, that are composed of cash or cash equivalents, real estate mortgages, high quality securities and Credit Guarantee Fund suretyship having Treasury guarantee, have been used in credit risk mitigation.

4.10.3.2.2 Consolidated credit risk mitigation techniques

	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	469,792,849	32,457,579	30,313,671	3,858,617	3,858,617	-	-
2	Debt securities	74,280,722	-	-	-	-	-	-
3	**Total**	**544,073,571**	**32,457,579**	**30,313,671**	**3,858,617**	**3,858,617**	**-**	**-**
4	Of which defaulted	16,011,307	148,679	5,473	-	-	-	-

(Thousands of Turkish Lira (TL))

	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	400,673,013	29,635,807	27,973,156	8,959,316	8,959,316	-	-
2	Debt securities	71,395,169	-	-	-	-	-	-
3	**Total**	**472,068,182**	**29,635,807**	**27,973,156**	**8,959,316**	**8,959,316**	**-**	**-**
4	Of which defaulted	15,970,985	147,327	6,166	-	-	-	-

4.10.3.3 Consolidated credit risk under standardised approach

4.10.3.3.1 Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The international risk ratings are used for the exposures to central governments and central banks, whereas for central governments and central banks that are not rated by Fitch Ratings, the published country ratings as announced by the Organisation for Economic Cooperation and Development (OECD) are used.

According to the regulation on capital adequacy, external risk ratings are used only for the exposures to banks and brokerage houses and to corporates where the counterparties are resident in abroad, to determine their risk weights. Where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

In the determination of risk weights; if a relevant rating is available then such rating, but if it is an unrated exposure then the rating available for the issuer is used.

Rating notes issued by Fitch Ratings are presented in the table below, as per credit quality levels and risk weights per risk classes:

Credit Quality Level	*Fitch Ratings long term credit rating*	*Risk Classes*			
		Exposures to Central Governments or Central Banks	*Exposures to Banks and Brokerage Houses*		*Exposures to Corporates*
			Exposures with Original Maturities Less Than 3 Months	*Exposures with Original Maturities More Than 3 Months*	
1	AAA to AA-	0%	20%	20%	20%
2	A+ to A-	20%	20%	50%	50%
3	BBB+ to BBB-	50%	20%	50%	100%
4	BB+ to BB-	100%	50%	100%	100%
5	B+ to B-	100%	50%	100%	150%
6	CCC+ and below	150%	150%	150%	150%

(Thousands of Turkish Lira (TL))

4.10.3.3.2 Consolidated credit risk exposure and credit risk mitigation techniques

	Current Period	***Exposures before CCF and CRM***		***Exposures post-CCF and CRM***		***RWA and RWA density***	
	Risk Classes	***On-balance sheet amount***	***Off-balance sheet amount***	***On-balance sheet amount***	***Off-balance sheet amount***	***RWA***	***RWA density***
1	Exposures to sovereigns and their central banks	142,425,825	1,618,530	146,273,266	322,781	2,135,994	1%
2	Exposures to regional and local governments	1,473,164	23,220	1,473,165	21,010	747,087	50%
3	Exposures to administrative bodies and non-commercial entities	192,102	45,107	192,058	14,027	206,085	100%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	40,090,104	32,233,549	28,554,998	6,039,448	12,090,692	35%
7	Exposures to corporates	202,963,749	82,358,878	196,394,030	41,673,782	233,657,527	98%
8	Retail exposures	138,345,861	88,729,397	134,618,204	7,456,083	106,550,957	75%
9	Exposures secured by residential property	18,047,490	2,680	18,028,476	2,162	6,372,865	35%
10	Exposures secured by commercial property	13,454,340	2,272,712	13,369,642	1,331,211	9,472,859	64%
11	Past-due items	4,516,540	51	4,516,469	-	3,052,623	68%
12	Exposures in high-risk categories	689,394	687,237	688,638	332,368	974,090	95%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	25,745	-	25,745	-	25,745	100%
16	Shares	376,333	-	376,333	-	376,333	100%
17	Other exposures	21,408,612	-	19,968,986	-	11,203,624	56%
18	**Total**	**584,009,259**	**207,971,361**	**564,480,010**	**57,192,872**	**386,866,481**	**62%**

(Thousands of Turkish Lira (TL))

	Prior Period	***Exposures before CCF and CRM***		***Exposures post-CCF and CRM***		***RWA and RWA density***	
	Risk Classes	***On-balance sheet amount***	***Off-balance sheet amount***	***On-balance sheet amount***	***Off-balance sheet amount***	***RWA***	***RWA density***
1	Exposures to sovereigns and their central banks	128,859,193	2,378,846	137,812,921	195,895	2,158,997	2%
2	Exposures to regional and local governments	1,316,586	15,396	1,316,586	15,374	665,980	50%
3	Exposures to administrative bodies and non-commercial entities	175,453	54,968	175,415	14,042	189,457	100%
4	Exposures to multilateral development banks	1,361,267	-	1,361,267	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	37,118,646	28,095,309	28,893,402	5,060,375	11,433,582	34%
7	Exposures to corporates	194,125,564	76,095,578	187,863,192	39,396,971	223,197,451	98%
8	Retail exposures	120,578,183	75,102,371	113,745,130	6,183,272	89,942,445	75%
9	Exposures secured by residential property	17,169,463	14,764	17,156,528	13,743	6,009,594	35%
10	Exposures secured by commercial property	13,345,421	2,425,680	13,277,497	1,492,470	9,512,165	64%
11	Past-due items	5,270,867	143	5,270,855	-	3,672,900	70%
12	Exposures in high-risk categories	661,224	627,734	660,302	319,658	953,254	97%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	23,030	-	23,030	-	23,030	100%
16	Shares	436,404	-	436,404	-	436,404	100%
17	Other exposures	24,281,191	-	22,950,910	-	11,951,406	52%
18	**Total**	**544,722,492**	**184,810,789**	**530,943,439**	**52,691,800**	**360,146,665**	**-**

(Thousands of Turkish Lira (TL))

4.10.3.3.3 Consolidated exposures by asset classes and risk weights

	Regulatory portfolio *Current Period*	**0%**	**2%**	**10%**	**20%**	***35% secured by property mortgage***	**50%**	**75%**	**100%**	**150%**	**200%**	***Others***	***Total risk amount (post-CCF and CRM)***
1	Exposures to sovereigns and their central banks	142,799,417	-	-	2,032,824	-	68,760	-	1,695,046	-	-	-	146,596,047
2	Exposures to regional and local government	-	-	-	-	-	1,494,175	-	-	-	-	-	1,494,175
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	206,085	-	-	-	206,085
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	252,973	-	19,171,571	-	13,837,169	-	1,332,733	-	-	-	34,594,446
7	Exposures to corporates	-	-	-	1,167,134	-	6,953,158	-	229,947,520	-	-	-	238,067,812
8	Retail exposures	-	-	-	7,538	-	2,437	142,064,312	-	-	-	-	142,074,287
9	Exposures secured by residential property	-	-	-	-	17,875,282	-	155,356	-	-	-	-	18,030,638
10	Exposures secured by commercial property	-	-	-	-	-	10,455,988	-	4,244,865	-	-	-	14,700,853
11	Past-due items	-	-	-	-	-	2,927,999	-	1,588,164	306	-	-	4,516,469
12	Exposures in high-risk categories	-	-	-	-	-	388,896	8,116	324,870	299,124	-	-	1,021,006
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	25,745	-	-	-	25,745
16	Shares	-	-	-	-	-	-	-	376,333	-	-	-	376,333
17	Other exposures	8,764,812	-	-	687	-	-	-	11,203,487	-	-	-	19,968,986
18	**Total**	**151,564,229**	**252,973**	**-**	**22,379,754**	**17,875,282**	**36,128,582**	**142,227,784**	**250,944,848**	**299,430**	**-**	**-**	**621,672,882**

(Thousands of Turkish Lira (TL))

	Regulatory portfolio ***Prior Period***	**0%**	**2%**	**10%**	**20%**	***35% secured by property mortgage***	**50%**	**75%**	**100%**	**150%**	**200%**	***Others***	***Total risk amount (post-CCF and CRM)***
1	Exposures to sovereigns and their central banks	134,038,286	-	-	2,222,661	-	66,808	-	1,681,061	-	-	-	138,008,816
2	Exposures to regional and local government	-	-	-	-	-	1,331,960	-	-	-	-	-	1,331,960
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	189,457	-	-	-	189,457
4	Exposures to multilateral development banks	1,361,267	-	-	-	-	-	-	-	-	-	-	1,361,267
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	211,554	-	18,660,820	-	14,768,433	-	312,970	-	-	-	33,953,777
7	Exposures to corporates	-	-	-	770,745	-	6,892,234	-	219,597,184	-	-	-	227,260,163
8	Retail exposures	-	-	-	4,922	-	4,608	119,918,872	-	-	-	-	119,928,402
9	Exposures secured by residential property		-	-	-	17,170,271	-	-	-	-	-	-	17,170,271
10	Exposures secured by commercial property	-	-	-	-	-	10,515,603	-	4,254,364	-	-	-	14,769,967
11	Past-due items	-	-	-	-	-	3,204,330	-	2,058,107	8,418	-	-	5,270,855
12	Exposures in high-risk categories	-	-	-	-	-	373,268	-	286,831	319,861	-	-	979,960
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	23,030	-	-	-	23,030
16	Shares	-	-	-	-	-	-	-	436,404	-	-	-	436,404
17	Other exposures	10,998,800	-	-	879	-	-	-	11,951,231	-	-	-	22,950,910
18	**Total**	**146,398,353**	**211,554**	**-**	**21,660,027**	**17,170,271**	**37,157,244**	**119,918,872**	**240,790,639**	**328,279**	**-**	**-**	**583,635,239**

4.10.4 Consolidated counterparty credit risk

4.10.4.1 Qualitative disclosure on consolidated counterparty credit risk

Counterparty credit risk management policies include evaluating and monitoring risk developments, taking necessary measures, setting risk limits, ensuring that the risks remain within the limits, and establishing required reporting, control and audit mechanisms by using the methods aligned with both international standards and local regulations. The policies regarding counterparty credit risk measurement, monitoring, and limit settings are defined by the Board of Directors.

Counterparty credit risk arising from derivative transactions is periodically being monitored and reported by the Market Risk and Credit Risk Control units on product, country, counterparty and counterparty type basis.

International framework agreements (ISDA, CSA, GMRA, etc.) are being used through collateral and margin call mechanisms in order to mitigate the counterparty credit risk.

4.10.4.2 Consolidated counterparty credit risk (CCR) approach analysis

	Current Period	*Replacement cost*	*Potential future exposure*	*EEPE(Effective Expected Positive Exposure)*	*Alpha used for computing regulatory EAD*	*EAD post-CRM*	*RWA*
1	Standardised Approach - CCR (for derivatives)	4,340,381	4,545,091		1.4	8,870,588	5,911,790
2	Internal Model Method (for derivative financial instruments, 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)					1,659,867	558,065
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	**Total**						**6,469,855**

(Thousands of Turkish Lira (TL))

	Prior Period	***Replacement cost***	***Potential future exposure***	***EEPE(Effective Expected Positive Exposure)***	***Alpha used for computing regulatory EAD***	***EAD post-CRM***	***RWA***
1	Standardised Approach - CCR (for derivatives)	4,615,578	4,440,481		1.4	9,032,754	6,036,250
2	Internal Model Method (for derivative financial instruments, 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)					831,909	255,651
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	**Total**						**6,291,901**

4.10.4.3 Consolidated capital requirement for credit valuation adjustment (CVA)

		Current Period		***Prior Period***	
		EAD post-CRM	***RWA***	***EAD post-CRM***	***RWA***
	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	8,702,174	3,538,047	8,994,534	3,420,329
4	**Total subject to the CVA capital obligation**	**8,702,174**	**3,538,047**	**8,994,534**	**3,420,329**

(Thousands of Turkish Lira (TL))

4.10.4.4 Consolidated CCR exposures by risk class and risk weights

Current Period	Risk weight									
Regulatory portfolio	***0%***	***2%***	***10%***	***20%***	***50%***	***75%***	***100%***	***150%***	***Other***	***Total credit exposure***
Exposures to sovereigns and their central banks	150,062	-	-	-	-	-	1,074,402	-	-	1,224,464
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	5	-	-	5
Exposures to multilateral development banks	80,906	-	-	-	-	-	-	-	-	80,906
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	168,409	-	1,250,125	5,185,235	-	-	-	-	6,603,769
Exposures to corporates	-	15,574	-	456	105,592	-	2,485,889	-	-	2,607,511
Retail exposures	-	-	-	-	-	13,800	-	-	-	13,800
Exposures secured by property mortgages	-	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**230,968**	**183,983**	**-**	**1,250,581**	**5,290,827**	**13,800**	**3,560,296**	**-**	**-**	**10,530,455**

(Thousands of Turkish Lira (TL))

Prior Period	**Risk weight**									
Regulatory portfolio	***0%***	***2%***	***10%***	***20%***	***50%***	***75%***	***100%***	***150%***	***Other***	***Total credit exposure***
Exposures to sovereigns and their central banks	119,190	-	-	-	486,670	-	310,327	-	-	916,187
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	11	-	-	11
Exposures to multilateral development banks	13,031	-	-	-	-	-	-	-	-	13,031
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	37,972	-	1,322,291	4,153,453	-	17,889	-	-	5,531,605
Exposures to corporates	-	-	-	8,895	29,979	-	3,351,642	-	-	3,390,516
Retail exposures	-	-	-	-	-	13,313		-	-	13,313
Exposures secured by property mortgages	-	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-		-	-		-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**132,221**	**37,972**	**-**	**1,331,186**	**4,670,102**	**13,313**	**3,679,869**	**-**	**-**	**9,864,663**

(Thousands of Turkish Lira (TL))

4.10.4.5 Collaterals for consolidated CCR

Current Period	*Collateral for derivative transactions*				*Collateral for other transactions*	
	Fair value of collateral received		*Fair value of collateral given*		*Fair value of collateral received*	*Fair value of collateral given*
	Segregated	*Unsegregated*	*Segregated*	*Unsegregated*		
Cash-domestic currency	4,234	-	-	-	52,931	73,914
Cash-foreign currency	10,651	-	-	-	6,885,052	1,202,754
Domestic sovereign debts	-	-	-	-	76,284	3,053,303
Other sovereign debts	-	-	-	-	275,801	629,994
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	812,982	2,078,116
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	1,810,798
Total	**14,885**	**-**	**-**	**-**	**8,103,050**	**8,848,879**

Prior Period	*Collateral for derivative transactions*				*Collateral for other transactions*	
	Fair value of collateral received		*Fair value of collateral given*		*Fair value of collateral received*	*Fair value of collateral given*
	Segregated	*Unsegregated*	*Segregated*	*Unsegregated*		
Cash-domestic currency	15,572	-	-	-	118,547	153,763
Cash-foreign currency	7,732	-	-	-	3,580,798	1,423,469
Domestic sovereign debts	-	-	-	-	152,722	1,361,583
Other sovereign debts	-	-	-	-	1,398,680	1,069,544
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	879,893
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**23,304**	**-**	**-**	**-**	**5,250,747**	**4,888,252**

4.10.4.6 Consolidated credit derivatives

	Current Period		*Prior Period*	
Notionals	*Protection bought*	*Protection sold*	*Protection bought*	*Protection sold*
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	16,754,082	-	17,147,156
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notionals	**-**	**16,754,082**	**-**	**17,147,156**
Fair Values	**-**	**(1,307,399)**	**-**	**(1,172,291)**
Positive fair values (asset)	-	57,291	-	64,814
Negative fair values (liability)	-	(1,364,690)	-	(1,237,105)

(Thousands of Turkish Lira (TL))

4.10.4.7 Exposures to central counterparties

	Current Period		*Prior Period*	
	EAD (post-CRM)	*RWA*	*EAD (post-CRM)*	*RWA*
Exposures to QCCPs (total)		**3,680**		**759**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	183,983	3,680	37,972	759
(ii) Exchange-traded derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs (total)		-		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	-	-	-	-
(ii) Exchange-traded derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-

4.10.5 Consolidated securitisations

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.6 Consolidated market risk

4.10.6.1 Qualitative disclosure on consolidated market risk

Market risk is managed in accordance with the strategy and policies defined by the Parent Bank. The Bank takes economic climate, market and liquidity conditions and their effects on market risk, the structure of portfolio subject to market risk, the sufficiency of the Bank's definition, measurement, evaluation, monitoring, reporting, control and mitigation of market risk and the availability of the related processes into account while defining the market risk management. Market risk strategy and policies are reviewed by the Board of Directors and related top management by considering financial performance, capital required for market risk, and the existing market developments. Market risk policy and procedures are being developed on Bank-only and consolidated level in consideration of the size and complexity of the operations.

Market risk is managed through measuring the risks in parallel with the international standards, setting the limits, capital reserving and additionally through mitigating via hedging transactions.

The Market Risk function under Market Risk and Structural Risk Control Unit monitors the activities of Treasury Unit via risk reports and the limits approved by the board of directors.

Market Risk, which is defined as the risk arising from the price fluctuations in balance sheet and off-balance sheet trading positions, is being calculated and reported daily via Value at Risk (VaR) Model.

(Thousands of Turkish Lira (TL))

4.10.6.2 Consolidated market risk under standardised approach

		RWA (*)	
		Current Period	**Prior Period**
	Outright products	**24,113,162**	**17,890,638**
1	Interest rate risk (general and specific)	2,152,787	2,011,799
2	Equity risk (general and specific)	2,461,875	1,528,638
3	Foreign exchange risk	19,276,675	14,265,163
4	Commodity risk	221,825	85,038
	Options	**115,538**	**168,050**
5	Simplified approach	-	-
6	Delta-plus method	115,538	168,050
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**24,228,700**	**18,058,688**

(*) According to "Bank Capital Regulation" article 10 paragraph 4, which published on Official Gazette dated 5th September 2013 and numbered 28756, banks calculated their consolidated capital with their consolidated insurance company investments as unconsolidated financial institutions if 9th article's 4th paragraph's (c) and (ç) items apply. Lesser of consolidated capital calculated according to 1st and 4th paragraphs is considered the consolidated capital according to this regulation. As the consolidated capital calculated including the insurance subsidiary is lesser, consolidated equity and the amounts subject to the market risk are calculated based on the consolidated financial statements including the insurance subsidiaries.

4.10.7 Consolidated operational risk

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.8 Consolidated banking book interest rate risk

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

(Thousands of Turkish Lira (TL))

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and Cash Equivalents

5.1.1.1 Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign Currency	2,013,086	5,618,882	2,722,172	6,956,041
Central Bank of Turkey	14,519,157	49,478,374	4,274,948	40,444,718
Others	20	1,861,210	2	1,321,466
Total	**16,532,263**	**56,958,466**	**6,997,122**	**48,722,225**

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	14,519,157	20,292,588	4,274,948	14,434,418
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	29,185,786	-	26,010,300
Total	**14,519,157**	**49,478,374**	**4,274,948**	**40,444,718**

The reserve deposits kept as per the Communiqué No. 2005/1 “Reserve Deposits” of the Central Bank of Turkey in Turkish Lira, foreign currencies and gold, are included in the table above.

5.1.1.2 Banks

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic banks	609,087	321,780	486,817	161,010
Foreign banks	269,798	25,553,196	296,152	28,305,320
Foreign head office and branches	-	-	-	-
Total	**878,885**	**25,874,976**	**782,969**	**28,466,330**

The placements at foreign banks include blocked accounts amounting TL 7,258,209 (31 December 2020: TL 9,311,678) of which TL 2,266,163 (31 December 2020: TL 2,222,619) kept at the central banks of Malta, TL 222,092 (31 December 2020: TL 201,295) kept at Turkish Republic of Northern Cyprus and TL 4,769,954 (31 December 2020: TL 6,887,764) kept at various banks as collateral.

Furthermore, there are restricted deposits at various domestic banks amounting TL 557,871 (31 December 2020: TL 465,118) as required for insurance activities.

Due from foreign banks

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

(Thousands of Turkish Lira (TL))

5.1.1.3 Receivables from reserve repo transactions

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**10,045,388**	**-**	**8,043,941**	**-**
Central Bank of Turkey	-	-	-	-
Banks	10,045,388	-	8,003,922	-
Others	-	-	40,019	-
Foreign Transactions	**-**	**3,115,625**	**-**	**1,662,847**
Central banks	-	-	-	-
Banks	-	3,115,625	-	1,662,847
Others	-	-	-	-
Total	**10,045,388**	**3,115,625**	**8,043,941**	**1,662,847**

5.1.1.4 Expected credit losses for cash and cash equivalents

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**422,394**	**-**	**-**	**422,394**
Additions during the Period (+)	545,522	-	-	545,522
Disposal (-)	(781,429)	-	-	(781,429)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	25,995	-	-	25,995
Balances at End of Period	**212,482**	**-**	**-**	**212,482**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**168,916**	**-**	**-**	**168,916**
Additions during the Period (+)	1,511,040	-	-	1,511,040
Disposal (-)	(1,309,774)	-	-	(1,309,774)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	52,212	-	-	52,212
Balances at End of Period	**422,394**	**-**	**-**	**422,394**

5.1.2 Financial assets at fair value through profit/loss

5.1.2.1 Financial assets at fair value through profit/loss subject to repurchase agreements and provided as collateral/blocked

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Assets	183,868	-	209,690	-
Assets Subject to Repurchase Agreements	7,341	-	7,444	-
Total	**191,209**	**-**	**217,134**	**-**

5.1.2.2 Financial assets measured at fair value through profit or loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Government Securities	868,106	884,752	759,526	2,153,945
Equity Securities	933,483	139,829	547,867	54,021
Other Financial Assets (*)	21,378	4,852,533	48,829	4,818,543
Total	**1,822,967**	**5,877,114**	**1,356,222**	**7,026,509**

(*) Financial assets measured at fair value through profit or loss include a loan amounting to USD 756,288,034 (31 December 2020: USD 756,288,034) provided to a special purpose entity. As detailed in Note 5.1.9.2, according to the decision made at the 2018 annual general assembly of related special purpose entity, it was decided to increase the capital of the special purpose entity by TL 3,982,230, all of which will be covered by common receivables. After the capital increase, USD 154,885,708 of the related loan, which corresponds to the share of receivables in the Bank, has been paid off.

(Thousands of Turkish Lira (TL))

This loan is classified under financial assets measured at fair value through profit/loss as per TFRS 9.The fair value of this loan is determined by the independent valuation company based on the weighted average of different methodologies (discounted cash flows, similar market multipliers, same sector transaction multipliers, market value and analyst reports). The corresponding loan is considered as Level 3 based on TFRS 13 “Fair Value Measurement” standard.

Valuation techniques considered in the valuation work and any possible changes in the basic assumptions may affect the carrying value of the related asset. For discounted cash flows method, significant unobservable inputs are EBITDA, growth rate and weighted average cost of capital. The estimated fair value of the asset would increase if growth rate and EBITDA are higher and decrease if the weighted average cost of capital is higher. Trading multiples and transaction multiples for the companies operating in the same sector are the other valuation techniques for pricing the assets. Transaction multiples for the companies operating in the same sector are based on similar transactions based on geographical features, industry, size, target market and other factors. Transaction multiples are derived by dividing the enterprise values of the companies to EBITDAs. The estimated fair value of the asset would increase if the multiples were higher and decrease if multiples were lower. In the case that the growth rate in the assumptions used in the discounted cash flow method in the valuation report is increased by 0.25% / (decreased by 0.25%) and the risk-free return on investment rate is decreased by 0.25% / (increased by 0.25%), assuming that all other variables remain constant, the assets recognized in the financial statements and the profit for the period will increase by approximately TL 89 million (will decrease TL 89 million).

5.1.3 Financial assets measured at fair value through other comprehensive income

5.1.3.1 Financial assets subject to repurchase agreements and provided as collateral/blocked

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Assets	5,766,698	4,284,338	12,817,253	3,061,618
Assets subject to Repurchase Agreements	-	1,133,497	-	219,574
Total	**5,766,698**	**5,417,835**	**12,817,253**	**3,281,192**

5.1.3.2 Details of financial assets measured at fair value through other comprehensive income

	Current Period	*Prior Period*
Debt Securities	**35,884,752**	**31,256,078**
Quoted at Stock Exchange	35,884,752	31,256,078
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	**9,320**	**8,385**
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	4,829	3,894
Value Increase/Impairment Losses (-)	**5,211,028**	**5,521,102**
Total	**41,105,100**	**36,785,565**

Expected losses of TL 51,798 (31 December 2020: TL 134,280) are accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

5.1.4 Derivative financial assets

5.1.4.1 Positive differences on derivative financial assets measured at FVTPL

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Forward Transactions	146,500	16,546	372,828	24,911
Swap Transactions	2,359,671	1,800,335	1,614,096	2,059,196
Futures	2	-	-	5,315
Options	37,234	68,776	26,142	54,240
Others	-	232	-	671
Total	**2,543,407**	**1,885,889**	**2,013,066**	**2,144,333**

5.1.4.2 Positive differences on derivative financial instruments held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	*Current Period*		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	11,613	-	-	-
Cash Flow Hedges	458,823	19,771	447,705	9,448
Net Foreign Investment Hedges	-	-	-	-
Total	**470,436**	**19,771**	**447,705**	**9,448**

(Thousands of Turkish Lira (TL))

As of 30 June 2021, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for hedging purpose, are summarized below:

	Current Period			*Prior Period*		
	Face Value	**Asset**	**Liability**	**Face Value**	**Asset**	**Liability**
Interest Rate Swaps	45,106,328	105,064	652,787	38,326,836	26,295	759,790
-TL	3,160,000	90,597	745	3,860,000	26,295	61,946
-FC	41,946,328	14,467	652,042	34,466,836	-	697,844
Cross Currency Swaps	3,866,039	379,839	174,321	3,134,232	423,881	139,983
-TL	658,123	379,839	91,818	1,183,661	421,410	71,706
-FC	3,207,916	-	82,503	1,950,571	2,471	68,277
Currency Forwards	164,870	223	560	42,320	-	846
-TL	18,990	-	-	21,523	-	-
-FC	145,880	223	560	20,797	-	846
Interest Rate Options	702,644	5,081	-	784,518	6,977	-
-TL	-	-	-	-	-	-
-FC	702,644	5,081	-	784,518	6,977	-
Total	**49,839,881**	**490,207**	**827,668**	**42,287,906**	**457,153**	**900,619**

5.1.4.3 Fair value hedge accounting

Current Period						
				Net Fair Value Change of Hedging Item		**Income Statement Effect (gains/losses from derivative financial instruments)**
Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item**	**Asset**	**Liability**	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	14,781	11,613	(6,802)	34,103
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	303,616	-	(342,492)	12,977
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	4,118	-	(75,697)	(7,368)

Prior Period						
				Net Fair Value Change of Hedging Item		**Income Statement Effect (gains/losses from derivative financial instruments)**
Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item**	**Asset**	**Liability**	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	12,559	-	(27,070)	18,333
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	20
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	348,896	-	(400,750)	(21,978)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	3,228	-	(67,438)	(52,891)

(Thousands of Turkish Lira (TL))

5.1.4.4 Cash flow hedge accounting

Current Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	-	(92,151)	9,316	(26,786)	(10,503)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	93,451	(211,342)	86,611	(35,500)	28,215
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	376,739	(90,757)	(12,456)	(8,082)	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	3,100	(7,867)	415	(1,500)	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	223	(560)	347	(293)	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	5,081	-	(1,241)	-	-
Spot Position (*)	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	14,223	-	-
Spot Position (*)	Expected investment expenditures	Cash flow risk resulted from foreign currency exchange rates	-	-	74,792	-	-
Spot Position (**)	Expected eurobond coupon revenues	Cash flow risk resulted from foreign currency exchange rates	-	-	(55,020)	-	-

(*) Consists of foreign currency items on the asset side of the balance sheet.

(**) Consists of foreign currency items on the liabilities side of the balance sheet.

In the current period, the amount reclassified from the shareholders' equity to the statement of profit or loss due to the ceased hedging transactions is TL 65,716 and the amount recognized in equity is TL (23,773).

(Thousands of Turkish Lira (TL))

Prior Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	-	(123,688)	(112,416)	(14,968)	(6,424)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	26,295	(208,282)	(36,543)	(61,559)	(19,436)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	420,866	(46,409)	(41,184)	(19,599)	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	3,015	(26,136)	9,503	(9,766)	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	-	(846)	136	473	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	6,977	-	902	-	-
Spot Position (*)	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	(3,338)	-	-
Spot Position (*)	Expected investment expenditures	Cash flow risk resulted from foreign currency exchange rates	-	-	(24,655)	-	-
Spot Position (**)	Expected eurobond coupon revenues	Cash flow risk resulted from foreign currency exchange rates	-	-	24,655	-	-

In the current period, the amount reclassified from the shareholders' equity to the statement of profit or loss due to the ceased hedging transactions is TL (154,611) and the amount recognized in equity is TL 131,477.

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		*Prior Period*	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	**-**	**1,129,142**	**-**	**878,143**
Corporates	-	1,129,142	-	878,143
Individuals	-	-	-	-
Indirect Lendings to Shareholders	**136,010**	**277,249**	**157,227**	**46,804**
Loans to Employees	**499,780**	**57**	**475,934**	**30**
Total	**635,790**	**1,406,448**	**633,161**	**924,977**

(Thousands of Turkish Lira (TL))

5.1.5.2 *Performing loans and loans under follow-up including restructured loans, and provisions allocated for such loans*

Loans measured at amortised cost

Current Period	Performing Loans	Loans under Follow-up		
			Restructured	
Cash Loans (*)(**)		Non-restructured	Revised Contract Terms	Refinanced
Loans	**314,430,120**	**32,246,532**	**16,618,584**	**14,545,250**
Working Capital Loans	55,830,412	3,372,024	1,120,415	7,306,167
Export Loans	31,506,419	765,163	110,381	212,913
Import Loans	459,491	-	-	-
Loans to Financial Sector	13,560,551	113,329	-	-
Consumer Loans	66,688,089	13,734,679	2,950,447	76,211
Credit Cards	33,731,190	4,398,383	424,916	-
Others	112,653,968	9,862,954	12,012,425	6,949,959
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**10,617,584**	**547,731**	**582,295**	**22,949**
Total	**325,047,704**	**32,794,263**	**17,200,879**	**14,568,199**

(*) Non-performing loans are not included.

(**) As of 30 June 2021, based on the resolution of the BRSA dated 17 June 2021 and numbered 9624; valid until 30 September 2021, the total amount of the loans that continued to be classified as Stage 1 which have past due days between 30 days and 90 days is amounting to TL 216,638 (31 December 2020: TL 176,155).

Prior Period	Performing Loans	Loans under Follow-up		
			Restructured	
Cash Loans (*)		Non-restructured	Revised Contract Terms	Refinanced
Loans	**276,811,710**	**38,490,252**	**14,616,905**	**5,101,354**
Working Capital Loans	54,797,706	5,888,387	1,092,210	2,637,340
Export Loans	27,270,952	1,190,085	121,912	134,943
Import Loans	1,440,733	-	-	-
Loans to Financial Sector	12,141,605	311,043	540	-
Consumer Loans	53,407,623	15,948,115	2,886,099	59,449
Credit Cards	29,180,808	3,717,502	422,390	-
Others	98,572,283	11,435,120	10,093,754	2,269,622
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**8,459,960**	**804,310**	**243,682**	**21,921**
Total	**285,271,670**	**39,294,562**	**14,860,587**	**5,123,275**

(*) Non-performing loans are not included.

Current Period	Corporate/ Commercial Loans		Consumer Loans		Financial Lease		Factoring		Total	
	TL	FC	TL	FC	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	116,510,748	104,757,368	85,677,543	7,468,529	1,912,412	4,945,039	2,757,035	1,019,030	206,857,738	118,189,966
Loans under Follow-up (Stage 2)	11,356,612	31,680,667	19,217,623	1,155,464	152,103	992,132	8,740	-	30,735,078	33,828,263
Total Stage 1 and 2 Loans	**127,867,360**	**136,438,035**	**104,895,166**	**8,623,993**	**2,064,515**	**5,937,171**	**2,765,775**	**1,019,030**	**237,592,816**	**152,018,229**
Expected Credit losses-Stage 1-2 (-)	2,808,925	7,778,361	1,825,862	131,442	52,004	194,885	10,048	647	4,696,839	8,105,335
Total Non-performing Loans	5,231,292	7,548,471	2,170,975	328,277	186,126	597,528	81,567	15,750	7,669,960	8,490,026
Expected Credit losses-Stage 3 (-)	4,079,202	4,293,591	1,420,841	246,465	139,128	333,334	67,250	15,750	5,706,421	4,889,140

(Thousands of Turkish Lira (TL))

Prior Period	Corporate/ Commercial Loans		Consumer Loans		Financial Lease		Factoring		Total	
	TL	FC	TL	FC	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	101,713,021	98,184,079	70,568,515	6,330,171	1,437,779	4,266,055	2,063,811	708,239	175,783,126	109,488,544
Loans under Follow-up (Stage 2)	14,332,038	21,820,491	21,034,699	1,021,280	172,603	875,033	22,280	-	35,561,620	23,716,804
Total Stage 1 and 2 Loans	**116,045,059**	**120,004,570**	**91,603,214**	**7,351,451**	**1,610,382**	**5,141,088**	**2,086,091**	**708,239**	**211,344,746**	**133,205,348**
Expected Credit losses-Stage 1-2 (-)	2,941,502	5,752,809	1,718,989	110,398	43,955	167,867	17,318	841	4,721,764	6,031,915
Total Non-performing Loans	5,549,537	7,107,478	2,277,695	294,125	208,367	548,871	118,958	13,281	8,154,557	7,963,755
Expected Credit losses-Stage 3 (-)	4,175,931	3,811,057	1,466,325	213,753	146,356	282,100	106,281	13,281	5,894,893	4,320,191

	Current Period		*Prior Period*	
	Performing Loans	**Loans Under Follow-Up**	**Performing Loans**	**Loans Under Follow-Up**
12-Month ECL (Stage 1)	2,041,681	-	2,189,211	-
Significant Increase in Credit Risk (Stage 2)	-	10,760,493	-	8,564,468

As of 30 June 2021, loans amounting to TL 3,550,066 are benefited as collateral under funding transactions (31 December 2020: TL 3,723,673).

Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	843,478	88,777	-	932,255
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	19,122,152	3,920,659	-	23,042,811
Loans Collateralized by Pledged Assets	7,051,156	352,430	-	7,403,586
Loans Collateralized by Cheques and Notes	52,930	6,854	-	59,784
Loans Collateralized by Other Collaterals	11,787,334	11,554,488	-	23,341,822
Unsecured Loans	4,121,655	838,129	4,823,299	9,783,083
Total	**42,978,705**	**16,761,337**	**4,823,299**	**64,563,341**

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	801,533	85,105	-	886,638
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	16,706,864	4,420,193	-	21,127,057
Loans Collateralized by Pledged Assets	3,780,513	283,672	-	4,064,185
Loans Collateralized by Cheques and Notes	85,723	8,413	-	94,136
Loans Collateralized by Other Collaterals	10,924,606	13,326,871	-	24,251,477
Unsecured Loans	3,945,630	769,409	4,139,892	8,854,931
Total	**36,244,869**	**18,893,663**	**4,139,892**	**59,278,424**

Delinquency periods of loans under follow-up

Current Period (*)	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	411,699	696,181	129,361	1,237,241
61-90 days	261,290	321,888	76,827	660,005
Other	42,305,716	15,743,268	4,617,111	62,666,095
Total	**42,978,705**	**16,761,337**	**4,823,299**	**64,563,341**

(*) As of 30 June 2021, based on the resolution of the BRSA dated 17 June 2021 and numbered 9624; valid until 30 September 2021, the total amount of the loans that continued to be classified as Stage 2 which have past due days between 90 days and 180 days is amounting to TL 1,562,222 (31 December 2020: TL 1,300,763).

(Thousands of Turkish Lira (TL))

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	273,322	670,489	110,504	1,054,315
61-90 days	280,450	263,561	48,629	592,640
Other	35,691,097	17,959,613	3,980,759	57,631,469
Total	**36,244,869**	**18,893,663**	**4,139,892**	**59,278,424**

5.1.5.3 Maturity analysis of cash loans

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

(Thousands of Turkish Lira (TL))

5.1.5.4 *Consumer loans, retail credit cards, personnel loans and personnel credit cards*

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	**1,921,110**	**69,973,591**	**71,894,701**
Housing Loans	26,307	22,966,938	22,993,245
Automobile Loans	291,589	2,557,559	2,849,148
General Purpose Loans	1,603,214	44,449,094	46,052,308
Others	-	-	-
Consumer Loans – FC-indexed	**-**	**143,155**	**143,155**
Housing Loans	-	143,155	143,155
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**1,298,479**	**6,640,003**	**7,938,482**
Housing Loans	265,596	4,228,335	4,493,931
Automobile Loans	495	16,003	16,498
General Purpose Loans	438,208	1,494,315	1,932,523
Others	594,180	901,350	1,495,530
Retail Credit Cards – TL	**29,096,706**	**222,277**	**29,318,983**
With Installment	13,085,408	222,277	13,307,685
Without Installment	16,011,298	-	16,011,298
Retail Credit Cards – FC	**413,612**	**4,473**	**418,085**
With Installment	-	-	-
Without Installment	413,612	4,473	418,085
Personnel Loans – TL	**27,724**	**180,229**	**207,953**
Housing Loan	-	618	618
Automobile Loans	-	-	-
General Purpose Loans	27,724	179,611	207,335
Others	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**11,846**	**91,297**	**103,143**
Housing Loans	3,990	45,122	49,112
Automobile Loans	-	-	-
General Purpose Loans	6,613	34,703	41,316
Others	1,243	11,472	12,715
Personnel Credit Cards – TL	**167,973**	**410**	**168,383**
With Installment	58,064	410	58,474
Without Installment	109,909	-	109,909
Personnel Credit Cards – FC	**6,274**	**75**	**6,349**
With Installment	-	-	-
Without Installment	6,274	75	6,349
Deposit Accounts– TL (Real Persons)	**3,148,040**	**-**	**3,148,040**
Deposit Accounts– TL (Personnel)	**13,952**	**-**	**13,952**
Deposit Accounts– FC (Real Persons)	**-**	**-**	**-**
Total	**36,105,716**	**77,255,510**	**113,361,226**

(Thousands of Turkish Lira (TL))

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	**1,312,986**	**61,142,502**	**62,455,488**
Housing Loans	18,390	21,264,889	21,283,279
Automobile Loans	150,350	1,941,950	2,092,300
General Purpose Loans	1,144,246	37,935,663	39,079,909
Others	-	-	-
Consumer Loans – FC-indexed	**-**	**148,475**	**148,475**
Housing Loans	-	148,475	148,475
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**1,140,432**	**5,597,356**	**6,737,788**
Housing Loans	211,993	3,514,446	3,726,439
Automobile Loans	-	16,709	16,709
General Purpose Loans	388,306	1,329,661	1,717,967
Others	540,133	736,540	1,276,673
Retail Credit Cards – TL	**25,699,907**	**290,857**	**25,990,764**
With Installment	12,675,471	290,857	12,966,328
Without Installment	13,024,436	-	13,024,436
Retail Credit Cards – FC	**372,767**	**8,381**	**381,148**
With Installment	-	-	-
Without Installment	372,767	8,381	381,148
Personnel Loans – TL	**38,381**	**179,691**	**218,072**
Housing Loan	-	808	808
Automobile Loans	-	-	-
General Purpose Loans	38,381	178,883	217,264
Others	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**10,232**	**84,375**	**94,607**
Housing Loans	3,251	41,114	44,365
Automobile Loans	-	-	-
General Purpose Loans	5,759	31,230	36,989
Others	1,222	12,031	13,253
Personnel Credit Cards – TL	**142,946**	**613**	**143,559**
With Installment	50,521	613	51,134
Without Installment	92,425	-	92,425
Personnel Credit Cards – FC	**5,421**	**110**	**5,531**
With Installment	-	-	-
Without Installment	5,421	110	5,531
Deposit Accounts– TL (Real Persons)	**2,632,691**	**-**	**2,632,691**
Deposit Accounts– TL (Personnel)	**14,165**	-	**14,165**
Deposit Accounts– FC (Real Persons)	-	**-**	**-**
Total	**31,369,928**	**67,452,360**	**98,822,288**

(Thousands of Turkish Lira (TL))

5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**1,222,977**	**13,468,624**	**14,691,601**
Real Estate Loans	2,650	770,888	773,538
Automobile Loans	377,076	5,749,465	6,126,541
General Purpose Loans	843,251	6,948,271	7,791,522
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**190,474**	**190,474**
Real Estate Loans	-	43,359	43,359
Automobile Loans	-	15,147	15,147
General Purpose Loans	-	131,968	131,968
Others	-	-	-
Installment-based Commercial Loans – FC	**3,690,802**	**4,763,715**	**8,454,517**
Real Estate Loans	3,688,413	4,413,098	8,101,511
Automobile Loans	2,389	257,739	260,128
General Purpose Loans	-	92,878	92,878
Others	-	-	-
Corporate Credit Cards – TL	**8,373,802**	**237,044**	**8,610,846**
With Installment	3,829,427	237,044	4,066,471
Without Installment	4,544,375	-	4,544,375
Corporate Credit Cards – FC	**31,843**	**-**	**31,843**
With Installment	-	-	-
Without Installment	31,843	-	31,843
Deposit Accounts– TL (Corporates)	**2,666,641**	**-**	**2,666,641**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**15,986,065**	**18,659,857**	**34,645,922**

(Thousands of Turkish Lira (TL))

Prior Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**1,201,606**	**10,357,196**	**11,558,802**
Real Estate Loans	797	684,036	684,833
Automobile Loans	322,558	3,238,507	3,561,065
General Purpose Loans	878,251	6,434,653	7,312,904
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**352,872**	**352,872**
Real Estate Loans	-	47,604	47,604
Automobile Loans	-	50,229	50,229
General Purpose Loans	-	255,039	255,039
Others	-	-	-
Installment-based Commercial Loans – FC	**3,495,773**	**4,078,186**	**7,573,959**
Real Estate Loans	-	-	-
Automobile Loans	2,937	180,419	183,356
General Purpose Loans	-	88,733	88,733
Others	3,492,836	3,809,034	7,301,870
Corporate Credit Cards – TL	**6,532,632**	**248,274**	**6,780,906**
With Installment	3,209,845	248,274	3,458,119
Without Installment	3,322,787	-	3,322,787
Corporate Credit Cards – FC	**18,792**	**-**	**18,792**
With Installment	-	-	-
Without Installment	18,792	-	18,792
Deposit Accounts– TL (Corporates)	**1,739,236**	**-**	**1,739,236**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**12,988,039**	**15,036,528**	**28,024,567**

5.1.5.6 *Allocation of loans by customers*

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

5.1.5.7 *Allocation of domestic and foreign loans (*)*

	Current Period	*Prior Period*
Domestic Loans	349,340,675	311,297,812
Foreign Loans	40,270,370	33,252,282
Total	**389,611,045**	**344,550,094**

(*) Non-performing loans are not included.

5.1.5.8 *Loans to associates and subsidiaries*

	Current Period	*Prior Period*
Direct Lending	666,715	722,522
Indirect Lending	-	-
Total	**666,715**	**722,522**

(Thousands of Turkish Lira (TL))

5.1.5.9 Provision allocated for non-performing loans (Stage 3)

	Current Period	*Prior Period*
Substandard Loans- Limited Collectability	438,988	383,555
Doubtful Loans	735,790	507,631
Uncollectible Loans	9,420,783	9,323,898
Total	**10,595,561**	**10,215,084**

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and loans restructured from this category

	Group III	**Group IV**	**Group V**
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period			
(Gross amounts before provisions)	258,126	480,583	4,650,496
Restructured Loans and Receivables	258,126	480,583	4,650,496
Prior Period			
(Gross amounts before provisions)	198,077	361,159	3,891,429
Restructured Loans and Receivables	198,077	361,159	3,891,429

Movements in non-performing loan groups

	Group III	**Group IV**	**Group V**
Current Period	**Substandard Loans**	**Doubtful Loans**	**Uncollectible Loans**
Balances at End of Prior Period	**762,405**	**969,800**	**14,386,107**
Additions during the Period (+)	188,329	1,106,252	95,798
Transfer from Other NPL Categories (+)	63,408	185,603	706,352
Transfer to Other NPL Categories (-)	183,507	718,446	53,410
Collections during the Period (-)	147,029	213,896	1,072,262
Write down /Write-offs (-) (*)	4,029	-	1,183,759
Debt Sale (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Foreign Currency Differences	96,761	27,020	1,148,489
Balances at End of Period	**776,338**	**1,356,333**	**14,027,315**
Provisions (-)	438,988	735,790	9,420,783
Net Balance on Balance Sheet	**337,350**	**620,543**	**4,606,532**

(Thousands of Turkish Lira (TL))

Prior Period	**Group III** Substandard Loans	**Group IV** Doubtful Loans	**Group V** Uncollectible Loans
Balances at End of Prior Period	**2,603,803**	**5,246,849**	**11,659,734**
Additions during the Period (+)	997,420	962,942	493,413
Transfer from Other NPL Categories (+)	97,374	2,692,721	7,223,925
Transfer to Other NPL Categories (-)	2,698,999	7,254,399	60,622
Collections during the Period (-)	346,504	991,956	1,989,216
Write down /Write-offs (-) (*)	1,503	1,201	4,738,218
Debt Sale (-) (**)	50,970	-	96,040
Corporate and Commercial Loans	50,970	-	34,590
Retail Loans	-	-	61,370
Credit Cards	-	-	80
Other	-	-	-
Foreign Currency Differences	161,784	314,844	1,893,131
Balances at End of Period	**762,405**	**969,800**	**14,386,107**
Provisions (-)	383,555	507,631	9,323,898
Net Balance on Balance Sheet	**378,850**	**462,169**	**5,062,209**

(*) As of 30 June 2021, the non-performing loan ratio of the Group decreased from 4.26% (31 December 2020: %5.71), to 3.98% (31 December 2020: %4.47) after the loans during the period were written-down, in accordance with the amendment on the relevant Provisions Regulation.

(**) Consists of sale of non-performing loans.

Non-performing loans in foreign currencies

	Group III Substandard Loans and Receivables	**Group IV** Doubtful Loans and Receivables	**Group V** Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	**729,943**	**365,857**	**8,214,966**
Provisions (-)	413,747	210,412	4,931,778
Net Balance at Balance Sheet	**316,196**	**155,445**	**3,283,188**
Prior Period			
Balance at End of Period	**689,290**	**232,526**	**7,920,664**
Provisions (-)	354,238	161,771	4,487,206
Net Balance at Balance Sheet	**335,052**	**70,755**	**3,433,458**

(Thousands of Turkish Lira (TL))

Gross and net non-performing loans as per customer categories

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	**337,350**	**620,543**	**4,606,532**
Loans to Individuals and Corporates (Gross)	735,917	1,349,707	13,988,347
Provision (-)	426,306	731,428	9,385,462
Loans to Individuals and Corporates (Net)	309,611	618,279	4,602,885
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	40,421	6,626	38,968
Provision (-)	12,682	4,362	35,321
Other Loans and Receivables (Net)	27,739	2,264	3,647
Prior Period (Net)	**378,850**	**462,169**	**5,062,209**
Loans to Individuals and Corporates (Gross)	725,621	954,724	14,354,685
Provision (-)	372,377	501,299	9,295,744
Loans to Individuals and Corporates (Net)	353,244	453,425	5,058,941
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	36,784	15,076	31,422
Provision (-)	11,178	6,332	28,154
Other Loans and Receivables (Net)	25,606	8,744	3,268

Interest accruals, valuation differences and related provisions calculated for non-performing loans

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	**7,062**	**60,836**	**228,052**
Interest accruals and valuation differences	16,815	122,170	670,406
Provision (-)	9,753	61,334	442,354
Prior Period (Net)	**5,969**	**29,945**	**223,129**
Interest accruals and valuation differences	11,523	46,748	628,747
Provision (-)	5,554	16,803	405,618

(Thousands of Turkish Lira (TL))

Collaterals received for non-performing loans

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	8,591	174	-	8,765
Loans Collateralized by Mortgages	7,832,808	200,555	-	8,033,363
Loans Collateralized by Pledged Assets	1,778,231	34,496	-	1,812,727
Loans Collateralized by Cheques and Notes	142,108	2,691	-	144,799
Loans Collateralized by Other Collaterals	1,608,721	1,481,978	-	3,090,699
Unsecured Loans	2,067,341	284,255	718,037	3,069,633
Total	**13,437,800**	**2,004,149**	**718,037**	**16,159,986**

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	15,438	373	-	15,811
Loans Collateralized by Mortgages	7,970,929	227,765	-	8,198,694
Loans Collateralized by Pledged Assets	1,731,647	37,793	-	1,769,440
Loans Collateralized by Cheques and Notes	150,337	2,975	-	153,312
Loans Collateralized by Other Collaterals	1,594,683	1,505,915	-	3,100,598
Unsecured Loans	1,835,825	250,151	794,481	2,880,457
Total	**13,298,859**	**2,024,972**	**794,481**	**16,118,312**

5.1.5.11 Expected credit loss for loans

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**2,189,211**	**8,564,468**	**10,215,084**	**20,968,763**
Additions during the Period (+)	1,819,885	4,765,692	1,070,234	7,655,811
Disposal (-)	(2,626,706)	(2,325,326)	(724,135)	(5,676,167)
Debt Sale (-)	-	-	-	-
Write-offs (-)	-	-	(1,186,450)	(1,186,450)
Transfer to Stage1	896,258	(891,481)	(4,777)	-
Transfer to Stage 2	(326,539)	348,227	(21,688)	-
Transfer to Stage 3	(1,030)	(531,340)	532,370	-
Foreign Currency Differences	90,602	830,253	714,923	1,635,778
Balances at End of Period	**2,041,681**	**10,760,493**	**10,595,561**	**23,397,735**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**1,227,132**	**4,033,583**	**12,182,934**	**17,443,649**
Additions during the Period (+)	3,491,928	8,268,724	2,422,590	14,183,242
Disposal (-)	(3,436,416)	(3,292,269)	(1,511,619)	(8,240,304)
Debt Sale (-)	-	-	(122,788)	(122,788)
Write-offs (-)	-	-	(4,669,852)	(4,669,852)
Transfer to Stage1	1,215,585	(1,210,967)	(4,618)	-
Transfer to Stage 2	(479,118)	492,688	(13,570)	-
Transfer to Stage 3	(3,805)	(561,047)	564,852	-
Foreign Currency Differences	173,905	833,756	1,367,155	2,374,816
Balances at End of Period	**2,189,211**	**8,564,468**	**10,215,084**	**20,968,763**

5.1.5.12 Liquidation policy for uncollectible loans

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

5.1.5.13 Write-off policy

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

(Thousands of Turkish Lira (TL))

5.1.6 Lease receivable (Net)

5.1.6.1 Financial lease receivables according to remaining maturities

	Current Period		*Prior Period*	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	3,692,777	3,195,498	3,024,586	2,626,412
Between 1-5 Years	5,098,533	4,618,552	4,345,357	3,950,201
Longer than 5 Years	196,541	187,636	183,390	174,857
Total	**8,987,851**	**8,001,686**	**7,553,333**	**6,751,470**

Non-performing loans are not included.

5.1.6.2 Net financial lease receivables

	Current Period	*Prior Period*
Gross Financial Lease Receivables	8,987,851	7,553,333
Unearned Income on Financial Lease Receivables (-)	(986,165)	(801,863)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	**8,001,686**	**6,751,470**

Non-performing loans are not included.

5.1.6.3 Financial lease agreements

Criteria applied for financial lease agreements

The customer applied for a financial lease is evaluated based on the lending policies and criteria taking into account the legal legislation. A “customer analysis report” according to the type and amount of the application is prepared for the evaluation of the customer by the Credit Committee and certain risk rating models such as “customer risk rating” and “equipment rating/scoring” are applied.

In compliance with the legal legislation and the authorization limits of the General Manager, Credit Committee and Board of Directors, it is decided whether the loan will be granted considering the financial position and the qualitative characteristics of the customer and the criterias mentioned above. In case of compliance with these factors it is assessed which conditions will be applied. At this stage, collaterals such as bank guarantees, mortgages, asset pledges, promissory notes or personal or corporate guarantees, may be required depending on the creditworthiness of the customer and the characteristics of the product to be sold.

The sectoral, equipment type and pledged asset concentration of the customers are monitored regularly.

Details monitored subsequent to signing of financial lease agreements

Subsequent to granting of loan, the fulfillment of monetary aspects such as lending procedures and timely collection of rental payments are monitored. Furthermore, updated information on the performance of companies is reported by the Credit Monitoring Unit even for the performing customers.

The reports prepared by the Credit Monitoring Unit for the performing companies and the assessments made by the administration follow-up and the legal units for the problematic companies, are presented to the top management following the assessments made by the related internal committees and the necessary actions are taken.

5.1.7 Factoring receivables

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

(Thousands of Turkish Lira (TL))

5.1.8 Financial assets measured at amortised cost

5.1.8.1 Financial assets subject to repurchase agreements and provided as collateral/blocked

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Investments	8,906,919	5,458,954	11,311,663	3,922,607
Investments subject to Repurchase Agreements	22,149	780,348	74,625	-
Total	**8,929,068**	**6,239,302**	**11,386,288**	**3,922,607**

5.1.8.2 Government securities measured at amortised cost

	Current Period	*Prior Period*
Government Bonds	32,984,340	33,077,018
Treasury Bills	86,503	95,253
Other Government Securities	-	-
Total	**33,070,843**	**33,172,271**

5.1.8.3 Financial assets measured at amortised cost

	Current Period	*Prior Period*
Debt Securities	**26,761,433**	**27,673,452**
Quoted at Stock Exchange	26,612,118	27,615,408
Unquoted at Stock Exchange	149,315	58,044
Valuation Increase / (Decrease)	**6,380,323**	**5,565,459**
Total	**33,141,756**	**33,238,911**

5.1.8.4 Movement of financial assets measured at amortised cost

	Current Period	*Prior Period*
Balances at Beginning of Period	**33,238,911**	**27,720,342**
Foreign Currency Differences on Monetary Assets	1,743,391	1,895,313
Purchases during the Period	354,019	7,310,245
Disposals through Sales/Redemptions	(3,010,525)	(3,251,006)
Valuation Effect	815,960	(435,983)
Balances at End of Period	**33,141,756**	**33,238,911**

5.1.8.5 Expected credit loss for financial assets measured at amortised cost

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**167,283**	**-**	**-**	**167,283**
Additions during the Period (+)	5,078	-	-	5,078
Disposal (-)	(120,461)	-	-	(120,461)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	7,178	-	-	7,178
Balances at End of Period	**59,078**	**-**	**-**	**59,078**

(Thousands of Turkish Lira (TL))

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**119,889**	**-**	**-**	**119,889**
Additions during the Period (+)	247,825	-	-	247,825
Disposal (-)	(219,538)	-	-	(219,538)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	19,107	-	-	19,107
Balances at End of Period	**167,283**	**-**	**-**	**167,283**

5.1.9 Assets held for sale and assets of discontinued operations

5.1.9.1 Movement of assets held for sale and assets of discontinued operations

	Current Period	*Prior Period*
Balances at Beginning of Period		
Cost	**943,435**	**1,171,231**
Accumulated Depreciation (-)	**(11,682)**	**(12,173)**
Net Book Value	**931,753**	**1,159,058**
End of Current Period		
Additions	104,725	175,246
Disposals (Cost)	(368,311)	(434,371)
Disposals (Accumulated Depreciation)	1,283	491
Reversal of Impairment / Impairment Losses	18,172	23,890
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	1,567	7,439
Cost	**699,588**	**943,435**
Accumulated Depreciation (-)	**(10,399)**	**(11,682)**
Net Book Value	**689,189**	**931,753**

(Thousands of Turkish Lira (TL))

5.1.9.2 Investments in subsidiaries and associates to be disposed

	Current Period	*Prior Period*
End of Prior Period		
Cost	**881,140**	**881,140**
Impairment Losses (-)	**(881,140)**	**(587,940)**
Net Book Value	**-**	**293,200**
End of Current Period		
Additions	-	-
Disposals (Cost)	-	-
Disposals (Accumulated Depreciation)	-	-
Impairment Losses (-)	-	(293,200)
Depreciation Expense for Current Period	-	-
Cost (*)	**881,140**	**881,140**
Impairment Losses (-)	**(881,140)**	**(881,140)**
Net Book Value	**-**	**-**

(*)Within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to Ojer Telekomünikasyon A.Ş. (OTAŞ) who is the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) and it is contemplated that Türk Telekom's number of 192.500.000.000 A group shares owned by OTAŞ, representing 55% of its issued share capital corresponding to A group shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. As per the agreed structure, it is agreed on the corresponding agreements, completed all required corporate and administrative permissions and the transaction is concluded by a transfer of the aforementioned shares to the special purpose entity incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. In this context, the Bank owned 22.1265% of the founded special purpose entity and the related investment is considered within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operations".

As per the decision made at the 2018 annual general assembly of related special purpose entity, it was decided to increase the capital of the special purpose entity by TL 3,982,230, all of which will be covered by common receivables. The Entity's paid-in capital after the general assembly had been TL 3,982,280. The Bank's shareholding ratios in the Entity's capital did not change as a result of the increase, and the nominal value of the direct shares increased from TL 11 to TL 881,140 and the number of shares increased from 1,106,325 to 88,114,036,863. As explained the details before the capital increase in Note 5.1.2.2 , valuation differences recorded on the financial asset are presented as impairment in Assets Held for Sale and Discontinued Operations after capital increase. In 2020, all of the assets acquired under TFRS 5 was impaired.

The main purpose of the lending banks is to transfer the shares of Türk Telekom to an expert investor after the necessary conditions are met. For this purpose, on 19 September 2019, an international investment bank was authorized as a sales consultant, and in this context necessary actions related to sales will be taken and negotiations with potential investors started within the framework of an active sales plan.

(Thousands of Turkish Lira (TL))

5.1.10 Investments in associates

5.1.10.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	İstanbul/Turkey	-	6.25
2	Bankalararası Kart Merkezi AŞ (1)	İstanbul/Turkey	4.98	4.98
3	Yatırım Finansman Menkul Değerler AŞ (1)	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ (1)	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ (2)	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ (1)	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ (2)	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ (2)	Ankara/ Turkey	1.49	1.49
9	JCR Avrasya Derecelendirme A.Ş. (2)	İstanbul/Turkey	2.86	2.86
10	Birleşik İpotek Finansmanı A.Ş. (2)	İstanbul/Turkey	8.33	8.33

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	18,738	12,689	4,658	459	10	2,153	2,193	-
2	317,815	262,940	96,441	7,428	-	27,999	8,961	-
3	1,979,216	200,796	12,948	2,066	684	30,572	7,736	-
4	30,083,382	2,563,744	121,876	157,210	33,266	217,507	110,027	-
5	27,906,549	4,570,511	604,597	125,954	-	1,242,390	794,074	-
6	469,637	306,989	294,383	3,880	57	14,770	11,740	-
7	1,243,995,280	42,698,108	942,523	38,171,968	8,018,011	34,497,932	44,732,807	-
8	963,634	560,910	30,717	44,582	-	95,447	55,708	-
9	34,773	27,961	26,022	487	-	2,467	6,146	-
10	51,021	50,248	757	985	146	248	-	-

(1) Financial information is as of 31 March 2021.
(2) Financial information is as of 31 December 2020.
(*) Total fixed assets include tangible and intangible assets.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.10.2 Consolidated investments in associates

None.

5.1.10.3 Movement of consolidated investments in associates

None.

Valuation methods of consolidated investments in associates

None.

Sectoral distribution of consolidated investments and associates

None.

Quoted consolidated investments in associates

None.

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

(Thousands of Turkish Lira (TL))

5.1.11 Investments in subsidiaries (net)

Information on capital adequacy of major subsidiaries

Current Period	**Garanti Bank International NV**	**Garanti Holding BV**	**Garanti Finansal Kiralama AŞ**	**Garanti Emeklilik ve Hayat AŞ**	**Garanti Yatırım Menkul Kıymetler AŞ**
COMMON EQUITY TIER I CAPITAL					
Paid-in Capital to be Entitled for Compensation after All Creditors	1,406,231	3,947,157	357,848	517,159	13,750
Share Premium	-	132,880	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,104,710	318,926	792,783	291,383	798,171
Other Comprehensive Income according to TAS	3,671,561	197,036	-	468	-
Current and Prior Periods’ Profits	86,767	166,883	105,772	308,964	319,314
Minority interest	-	-	-	-	39,949
Common Equity Tier I Capital Before Deductions	**6,269,269**	**4,762,882**	**1,256,403**	**1,117,974**	**1,171,184**
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	6,517	1,220,386	1,175	2,189	851
Leasehold Improvements on Operational Leases (-)	-	717	-	929	2,123
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	59,524	547,054	16,479	38,135	3,857
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	**66,041**	**1,768,157**	**17,654**	**41,253**	**6,831**
Total Common Equity Tier I Capital	**6,203,228**	**2,994,725**	**1,238,749**	**1,076,721**	**1,164,353**
Total Deductions From Tier I Capital	**-**	**-**	**-**	**-**	**-**
Total Tier I Capital	**6,203,228**	**2,994,725**	**1,238,749**	**1,076,721**	**1,164,353**
TIER II CAPITAL	**-**	**102,392**	**-**	**-**	**-**
TOTAL CAPITAL	**6,203,228**	**3,097,117**	**1,238,749**	**1,076,721**	**1,164,353**

Prior Period	**Garanti Bank International NV**	**Garanti Holding BV**	**Garanti Finansal Kiralama AŞ**	**Garanti Emeklilik ve Hayat AŞ**	**Garanti Yatırım Menkul Kıymetler AŞ**
COMMON EQUITY TIER I CAPITAL					
Paid-in Capital to be Entitled for Compensation after All Creditors	1,243,533	3,488,929	357,848	517,159	13,750
Share Premium	-	117,453	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,054,337	160,518	646,432	138,235	308,681
Other Comprehensive Income according to TAS	3,110,694	184,669	-	7,453	-
Current and Prior Periods’ Profits	50,370	149,050	146,351	463,149	489,490
Minority interest	-	-	-	-	39,357
Common Equity Tier I Capital Before Deductions	**5,458,934**	**4,100,619**	**1,150,631**	**1,125,996**	**851,278**
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	9,562	1,080,373	1,175	2,189	851
Leasehold Improvements on Operational Leases (-)	-	939	-	1,117	2,288
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	52,669	492,398	16,154	39,225	4,460
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	**62,231**	**1,573,710**	**17,329**	**42,531**	**7,599**
Total Common Equity Tier I Capital	**5,396,703**	**2,526,909**	**1,133,302**	**1,083,465**	**843,679**
Total Deductions From Tier I Capital	**-**	**-**	**-**	**-**	**-**
Total Tier I Capital	**5,396,703**	**2,526,909**	**1,133,302**	**1,083,465**	**843,679**
TIER II CAPITAL	**-**	**90,551**	**-**	**-**	**-**
TOTAL CAPITAL	**5,396,703**	**2,617,460**	**1,133,302**	**1,083,465**	**843,679**

(Thousands of Turkish Lira (TL))

The Parent Bank does not have any capital requirement for its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio.

5.1.11.1 Unconsolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
4	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
5	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
6	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
7	Garanti Filo Sigorta Aracılık Hizmetleri AŞ	Istanbul/Turkey	-	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value	Amount of Equity Requirement
1	24,028	14,579	-	11,255	-	8,196	4,334	-	-
2	54,353	28,678	433	2,443	-	7,854	(5,690)	-	-
3	3,800	1,776	875	-	-	26	22	-	-
4	4,720	3,501	-	440	-	531	38	-	-
5	12,312	10,119	12,308	-	-	(4)	(3)	-	-
6	3,006,005	765,959	2,667,626	3,212	-	283,325	138,607	-	-
7	6,302	5,540	-	273	-	724	644	-	-

(*) Total fixed assets include tangible and intangible assets.

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments

The companies which are not included within the scope of consolidation due to not being financial subsidiaries are measured at cost less impairment, if any.

(Thousands of Turkish Lira (TL))

5.1.11.2 Movement of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Balances at Beginning of Period	**11,271,718**	**8,448,841**
Movements during the Period	**1,794,434**	**2,822,877**
Acquisitions and Capital Increases	1	-
Bonus Shares Received	-	382,110
Dividends from Current Year Profit	1,024,219	1,323,028
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	(259,523)	(907,974)
Currency Differences on Foreign Subsidiaries	1,029,737	2,025,713
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balances at End of Period	**13,066,152**	**11,271,718**
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) Except for quoted subsidiaries, value increases / (decreases) are based on the results of equity accounting application.

Valuation methods of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Valued at Cost	-	-
Valued at Fair Value (*)	13,066,152	11,271,718

(*) The amounts recognized in the equity accounting application are included in the unconsolidated financial statement of the Bank.

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Banks	6,240,232	5,424,808
Insurance Companies	948,585	954,245
Factoring Companies	227,978	174,760
Leasing Companies	1,258,279	1,146,060
Finance Companies	4,391,078	3,571,845
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	*Prior Period*
Quoted at Domestic Stock Exchanges	230,589	178,491
Quoted at International Stock Exchanges	-	-

(Thousands of Turkish Lira (TL))

Other information on consolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Subsidiaries (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
2	Garanti Faktoring AŞ	Istanbul/Turkey	81.84	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	-	Full Consolidation
6	Garanti Bank International NV	Amsterdam/the Netherlands	100.00	-	Full Consolidation
7	Garanti Holding BV	Amsterdam/the Netherlands	100.00	-	Full Consolidation
8	G Netherlands BV (*)	Amsterdam/the Netherlands	-	100.00	Full Consolidation
9	Garanti Bank SA	Bucharest/Romania	-	100.00	Full Consolidation
10	Motoractive IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
11	Ralfi IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
12	Garanti Yatırım Ortaklığı AŞ	Istanbul / Turkey	-	3.61	Full Consolidation

(*) The financial information presented in the below table does not include elimination and adjustment entries.

	Total Assets	Shareholders' Equity	Total Fixed Assets (**)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	6,834,834	1,258,288	25,654	275,484	-	105,773	78,758	-
2	3,943,471	278,585	19,272	277,465	2,742	64,995	17,471	-
3	2,097,539	1,131,465	29,805	30,636	6,531	317,033	213,785	-
4	248,740	231,619	2,744	10,800	3,135	31,254	28,307	-
5	2,360,522	1,115,786	45,561	143,361	27,557	308,966	217,427	-
6	37,832,369	6,257,104	383,698	341,844	4,293	86,766	26,911	-
7	3,486,620	3,483,707	-	-	-	(85)	(308)	-
8	3,343,437	2,805,160	-	29	-	(16,254)	(11,725)	-
9	22,563,897	3,543,327	729,423	355,306	56,564	165,052	81,345	-
10	1,743,791	319,283	10,123	44,753	-	13,273	7,856	-
11	1,266,655	203,110	21,508	44,026	-	4,958	8,860	-
12	43,218	41,401	543	1,128	2,743	923	(115)	72,320

(**) Total fixed assets include tangible and intangible assets.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.61%, is consolidated in the accompanying consolidated financial statements under full consolidation method due to the company's right to elect all the members of the Board of Directors as resulted from its privilege in election of board members.

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.12 Investments in joint-ventures (net)

None.

(Thousands of Turkish Lira (TL))

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

	Current Period	*Prior Period*
Net Book Value at Beginning of Period	**561,525**	**569,719**
Additions	-	441
Disposals	(24,037)	(81,929)
Transfers	60,865	14,471
Fair Value Change	-	58,823
Net Currency Translation Differences on Foreign Subsidiaries	-	-
Net Book Value at End of Period	**598,353**	**561,525**

The investment property is held for operational leasing purposes. The Bank and its financial subsidiaries account their investment property based on the fair value model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Accordingly, for all investment properties registered in the ledger, valuation studies are performed by independent expertise firms every year.

(Thousands of Turkish Lira (TL))

5.1.16 Deferred tax asset

As of 30 June 2021, on a consolidated basis the Bank has a deferred tax asset of TL 3,970,100 (31 December 2020: TL 3,640,403) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 30 June 2021, deferred tax assets of TL 4,730,902 (31 December 2020: TL 4,012,676) calculated on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods and on tax losses, which is presented as netted-off in the accompanying consolidated financial statements, with a deferred tax liability of TL 760,802 (31 December 2020: TL 372,273) on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

For the cases where the differences between the carrying values and the taxable values of assets subject to tax are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

	Current Period		***Prior Period***	
	Tax Base	**Deferred Tax Amount**	**Tax Base**	**Deferred Tax Amount**
Tax Losses	30,951	7,738	-	-
Provisions (*)(**)	5,402,991	1,261,756	4,292,575	809,652
Stages 1&2 Credit Losses	13,557,926	2,900,273	12,109,861	2,422,529
Differences between the Carrying Values and Taxable Values of Financial Assets (***)	(660,974)	(63,342)	2,536,313	583,325
Revaluation Differences on Real Estates	(2,381,497)	(294,385)	(2,398,994)	(296,636)
Other	637,446	158,060	592,055	121,533
Deferred Tax Asset	**16,586,843**	**3,970,100**	**17,131,810**	**3,640,403**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.
(**) Includes the deferred tax effect arising from valuation of loans measured at fair value through profit or loss.
(***) Calculations are performed at the relevant tax rates applicable in the country of the foreign branches and subsidiaries' financial assets.

As of 30 June 2021, TL 153,447 (30 June 2020: TL 990,188 of deferred tax income) of deferred tax income and TL 170,017 (30 June 2020: TL 43,707 of deferred tax expense) of deferred tax income were recognised in the income statement and the shareholders' equity, respectively. In the current period, the deferred tax effect arising from the disposal of tangible asset recognized at fair value is disclosed under prior periods' profit/loss.

5.1.17 Other Assets

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Derivative Assets (Derivative Guarantees)	482,595	3,121,078	588,354	3,306,391
Receivables From Clearing Transactions	5,739,859	38,096	4,473,668	24,134
Prepaid Expenses	2,421,727	66,124	2,121,400	49,363
Cash Guarantees Given	353,660	282,140	280,539	374,522
Receivables From Forward Sale of Assets	105,137	-	1,137	147,246
Other	505,006	421,663	437,462	337,802
Total	**9,607,984**	**3,929,101**	**7,902,560**	**4,239,458**

(Thousands of Turkish Lira (TL))

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	**26,642,917**	**-**	**5,551,370**	**63,478,115**	**4,636,274**	**1,935,591**	**3,202,776**	**1,646**	**105,448,689**
Foreign Currency Deposits	**112,074,878**	**-**	**15,185,275**	**73,211,283**	**5,978,050**	**7,597,920**	**8,210,550**	**37,613**	**222,295,569**
Residents in Turkey	87,967,810	-	12,664,436	67,033,735	3,038,853	1,470,661	1,944,986	37,211	174,157,692
Residents in Abroad	24,107,068	-	2,520,839	6,177,548	2,939,197	6,127,259	6,265,564	402	48,137,877
Public Sector Deposits	**1,813,978**	**-**	**928**	**35,494**	**4,118**	**9**	**-**	**-**	**1,854,527**
Commercial Deposits	**15,121,588**	**-**	**19,050,756**	**11,717,621**	**633,395**	**936,584**	**1,376,777**	**-**	**48,836,721**
Others	**494,032**	**-**	**302,882**	**974,907**	**228,690**	**1,619,995**	**5,300,071**	**-**	**8,920,577**
Precious Metal Deposits	**21,614,168**	**-**	**-**	**138,643**	**290,377**	**37,198**	**570,487**	**-**	**22,650,873**
Bank Deposits	**1,595,584**	**-**	**245,601**	**75,207**	**25,425**	**-**	**3,654**	**-**	**1,945,471**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	5,573	-	62,378	-	-	-	-	-	67,951
Foreign Banks	663,347	-	183,223	75,207	25,425	-	3,654	-	950,856
Special Financial Institutions	926,664	-	-	-	-	-	-	-	926,664
Others	-	-	-	-	-	-	-	-	-
Total	**179,357,145**	**-**	**40,336,812**	**149,631,270**	**11,796,329**	**12,127,297**	**18,664,315**	**39,259**	**411,952,427**

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	**21,812,460**	**-**	**4,951,661**	**54,915,238**	**599,918**	**327,900**	**1,273,240**	**1,719**	**83,882,136**
Foreign Currency Deposits	**98,869,954**	**-**	**12,585,532**	**62,404,261**	**4,664,697**	**6,517,111**	**8,078,886**	**37,565**	**193,158,006**
Residents in Turkey	77,849,583	-	10,216,335	57,205,242	1,939,543	1,684,309	2,434,202	36,302	151,365,516
Residents in Abroad	21,020,371	-	2,369,197	5,199,019	2,725,154	4,832,802	5,644,684	1,263	41,792,490
Public Sector Deposits	**880,139**	**-**	**37,809**	**64,397**	**136**	**10**	**-**	**-**	**982,491**
Commercial Deposits	**12,816,408**	**-**	**24,276,108**	**14,000,716**	**69,847**	**35,803**	**482,850**	**-**	**51,681,732**
Others	**391,099**	**-**	**172,403**	**1,121,142**	**19,856**	**176,034**	**3,236,314**	**-**	**5,116,848**
Precious Metal Deposits	**20,636,012**	**-**	**-**	**160,290**	**366,278**	**41,207**	**721,593**	**-**	**21,925,380**
Bank Deposits	**733,952**	**-**	**247,189**	**370,311**	**-**	**-**	**2,303**	**-**	**1,353,755**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	30,896	-	-	-	-	-	-	-	30,896
Foreign Banks	681,570	-	247,189	370,311	-	-	2,303	-	1,301,373
Special Financial Institutions	21,486	-	-	-	-	-	-	-	21,486
Others	-	-	-	-	-	-	-	-	-
Total	**156,140,024**	**-**	**42,270,702**	**133,036,355**	**5,720,732**	**7,098,065**	**13,795,186**	**39,284**	**358,100,348**

(Thousands of Turkish Lira (TL))

5.2.1.1 Saving deposits insured by Saving Deposit Insurance Fund

Information on saving deposits covered by deposit insurance and exceeding insurance coverage limit:

	Covered by Deposit Insurance Over Deposit Insurance Limit		Over Deposit Insurance Limit	
	Current Period	*Prior Period*	*Current Period*	*Prior Period*
Saving Deposits	48,051,349	41,100,178	56,579,926	42,087,999
Foreign Currency Saving Deposits	48,321,277	46,222,647	104,772,553	88,027,097
Other Saving Deposits	9,906,538	10,285,722	10,956,439	10,189,152
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,513,293	1,427,705	337	238
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

5.2.1.2 Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	*Prior Period*
Deposits and Other Accounts held at Foreign Branches	22,422	19,853
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	175,064	162,289
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Funds borrowed

Information on funds borrowed is as follows;

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	393,835	1,627,604	674,365	1,288,090
Domestic Banks and Institutions	1,794,224	3,528,193	1,345,613	2,371,039
Foreign Banks, Institutions and Funds	155,069	23,486,666	213,574	20,727,502
Total	**2,343,128**	**28,642,463**	**2,233,552**	**24,386,631**

5.2.2.1 Maturities of funds borrowed

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Short-Term	1,970,108	3,734,467	2,008,035	3,505,464
Medium and Long-Term	373,020	24,907,996	225,517	20,881,167
Total	**2,343,128**	**28,642,463**	**2,233,552**	**24,386,631**

5.2.2.2 Disclosures for concentration areas of bank's liabilities

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

(Thousands of Turkish Lira (TL))

5.2.3 Money market funds

Information on obligations under repurchase agreements classified in money market funds is as follows;

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**52,868**	**-**	**117,688**	**-**
Financial Institutions and Organizations	-	-	29,847	-
Other Institutions and Organizations	34,081	-	43,103	-
Individuals	18,787	-	44,738	-
Foreign Transactions	**73**	**4,483,866**	**881**	**2,065,661**
Financial Institutions and Organizations	-	4,483,866	-	2,065,661
Other Institutions and Organizations	-	-	850	-
Individuals	73	-	31	-
Total	**52,941**	**4,483,866**	**118,569**	**2,065,661**

5.2.4 Securities issued

Current Period	TL		FC	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	3,968,597	2,018,964	-	15,606,140
Cost	3,755,298	2,008,914	-	15,539,530
Carrying Value (*)	3,839,105	1,231,605	-	14,286,425

Prior Period	TL		FC	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	4,916,449	2,032,017	-	17,947,701
Cost	4,749,953	2,021,967	-	17,855,813
Carrying Value (*)	4,883,881	1,210,551	-	16,722,649

(*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL 1,122,925 and foreign currency securities with a total face value of USD 210,632,186 (31 December 2020: 1,581,953 TL and USD 215,966,090) and netted off such securities in the accompanying consolidated financial statements.

5.2.5 Information about financial liabilities measured at fair value through profit or loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Securities Issued	-	17,858,580	-	16,137,939
Total	-	**17,858,580**	**-**	**16,137,939**

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,233,781,250 (31 December 2020: USD 2,323,462,798) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 June 2021, the accumulated fair value change of the related financial liability amounted to TL 1,614,417 (31 December 2020: TL 1,265,467) and the corresponding gain/loss recognised in the statement of profit/loss amounted to TL 348,950 (30 June 2020: TL 1,655,826). The carrying value of the related financial liability amounted to TL 17,858,580 (31 December 2020: TL 16,137,939).

(Thousands of Turkish Lira (TL))

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

Information on negative differences on derivative financial liabilities measured at FVTPL classified in derivative financial liabilities is as follows;

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Forward Transactions	208,622	28,636	145,739	14,697
Swap Transactions	1,426,704	3,225,851	4,058,363	3,337,870
Futures	-	40,450	28	-
Options	59,082	38,627	44,774	33,686
Others	32	134	-	1,114
Total	**1,694,440**	**3,333,698**	**4,248,904**	**3,387,367**

5.2.6.2 Derivative financial liabilities held for hedging purpose

Information on negative differences on derivative financial liabilities held for hedging purposes classified in derivative financial liabilities is as follows;

Derivative Financial Liabilities Held for Hedging Purpose	***Current Period***		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	-	424,991	1,623	493,635
Cash Flow Hedges	92,563	310,114	132,029	273,332
Net Foreign Investment Hedges	-	-	-	-
Total	**92,563**	**735,105**	**133,652**	**766,967**

Please refer to Note 5.1.4.2 for financial liabilities resulted from derivatives held for hedging purpose.

5.2.7 Factoring payables

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

5.2.8 Lease payables

5.2.8.1 Operational lease agreements

	Current Period		***Prior Period***	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	312,308	218,129	268,143	200,977
Between 1-5 Years	705,128	492,174	722,382	533,480
Longer than 5 Years	338,071	218,341	419,578	291,910
Total	**1,355,507**	**928,644**	**1,410,103**	**1,026,367**

As of 30 June 2021, the weighted average of the incremental borrowing interest rates applied to TL, EUR, USD and RON lease liabilities presented in the statement of financial position of the Group are 19.8%, 2.0%, 7.0% and 6.2% (31 December 2020: 13.9%, 1.7%, 7.0% and 5.5%) respectively.

(Thousands of Turkish Lira (TL))

5.2.9 Provisions

5.2.9.1 Reserve for employee severance indemnity

	Current Period	*Prior Period*
Balances at Beginning of Period	**767,506**	**558,285**
Provision for the Period	84,479	144,791
Actuarial Gain/Loss	-	120,886
Payments During the Period	(31,386)	(56,456)
Balances at End of Period	**820,599**	**767,506**

5.2.9.2 Provisions for foreign exchange differences on foreign currency indexed loans and financial lease receivables

None (31 December 2020: None).

5.2.9.3 Expected credit losses (Stage 3) for non-cash loans that are not indemnified or converted into cash

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

5.2.9.4 Other provisions

	Current Period	*Prior Period*
Reserve for Employee Benefits	1,461,571	1,453,532
Insurance Technical Provisions, Net	983,520	829,112
Provision for Promotion Expenses of Credit Cards	267,167	233,515
Provision for Lawsuits	365,060	316,873
Provision for Non-Cash Loans	2,172,190	2,151,889
Other Provisions(*)	5,931,306	5,050,650
Total	**11,180,814**	**10,035,571**

(*) Includes total general reserve of TL 5,600,000 (31 December 2020: 4,650,000) consisting of TL 950,000 and TL 4,650,000 recognized as expense in the current period and prior periods, respectively.

Recognized Liability for Defined Benefit Plan Obligations

The Bank obtained an actuarial report dated 28 December 2020 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 6,118,955 at 31 December 2020 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2020 as per the requirements of the Law explained in Note 3.17, the accounting policies related with "employee benefits" for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's 28 December 2020 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 3,546,713 remains as of 31 December 2020 as details are given in the table below.

(Thousands of Turkish Lira (TL))

	31 December 2020	*31 December 2019*
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(2,200,812)	(1,846,213)
Net present value of medical benefits and health premiums transferable to SSF	925,296	556,956
General administrative expenses	(74,857)	(64,962)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	**(1,350,373)**	**(1,354,219)**
Fair Value of Plan Assets (2)	**7,469,328**	**5,988,881**
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	**6,118,955**	**4,634,662**
Non-Transferable Benefits:		
Other pension benefits	(1,396,390)	(1,002,495)
Other medical benefits	(1,175,852)	(1,394,042)
Total Non-Transferable Benefits (4)	**(2,572,242)**	**(2,396,537)**
Asset Surplus over Total Benefits ((3)-(4))	**3,546,713**	**2,238,125**

Movement of recognized liability for asset shortage over the Bank's defined benefit plan:

	31 December 2020	*31 December 2019*
Balance at Beginning of Period	-	-
Actual contributions paid during the period	(127,520)	(91,969)
Total expense recognized in the income statement	85,084	73,334
Amount recognized in the shareholders' equity	42,436	18,635
Balance at End of Period	-	-

The major actuarial assumptions used in the calculation of other benefits not transferable to SSF in compliance with TAS 19 are as follows:

	31 December 2020	*31 December 2019*
	%	**%**
Discount Rate (*)	13.00	12.50
Inflation Rate (*)	9.70	8.20
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	13.90	12.40
Future Pension Increase Rate (*)	9.70	8.20

(*) The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years in service.

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities of the Bank are as follows:

Defined Benefit Obligation	**Pension Benefits Effect**	**Medical Benefits Effect**	**Overall Effect**
Assumption change	**%**	**%**	**%**
Discount rate +0.5%	(7.00)	(9.80)	(8.30)
Discount rate -0.5%	7.90	11.50	9.50
Medical inflation +0.5%	-	11.20	5.10
Medical inflation -0.5%	-	(9.70)	(4.40)

(Thousands of Turkish Lira (TL))

Retirement Indemnities	**Sensitivity of Past Service Liability**	**Sensitivity of Normal Cost**
Assumption change	**%**	**%**
Discount rate +0.5%	(6.00)	(7.40)
Discount rate -0.5%	6.60	8.30
Inflation rate +0.5%	6.20	(3.80)
Inflation rate -0.5%	(6.00)	4.00

5.2.10 Tax liability

5.2.10.1 Current tax liability

5.2.10.1.1 Tax liability

As of 30 June 2021, the corporate tax liability amounts to TL 1,299,484 (31 December 2020: TL 1,845,890) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

5.2.10.1.2 Taxes payable

	Current Period	***Prior Period***
Corporate Taxes Payable	1,299,484	1,845,890
Taxation on Securities Income	99,681	102,988
Taxation on Real Estates Income	2,033	8,665
Banking Insurance Transaction Tax	252,452	196,794
Foreign Exchange Transaction Tax	19,760	19,230
Value Added Tax Payable	22,255	13,494
Others	95,022	90,120
Total	**1,790,687**	**2,277,181**

5.2.10.1.3 Premiums payable

	Current Period	***Prior Period***
Social Security Premiums-Employees	8,594	6,310
Social Security Premiums-Employer	4,719	4,682
Bank Pension Fund Premium-Employees	328	345
Bank Pension Fund Premium-Employer	497	532
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	2,475	2,069
Unemployment Insurance-Employer	4,982	5,155
Others	97	73
Total	**21,692**	**19,166**

5.2.10.2 Deferred tax liability

As of 30 June 2021, the deferred tax liability amounts to TL 55,096 (31 December 2020: TL 48,863).

(Thousands of Turkish Lira (TL))

5.2.11 Liabilities for assets held for sale and assets of discontinued operations

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

5.2.12 Subordinated debts

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

5.2.13 Other liabilities

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Payables from credit card transactions	15,960,012	185,241	13,340,047	93,086
Payables from clearing transactions	5,379,350	10,096	3,534,101	23,089
Other	1,897,765	3,931,848	1,985,408	4,145,343
Total	**23,237,127**	**4,127,185**	**18,859,556**	**4,261,518**

5.2.14 Shareholders' equity

5.2.14.1 Paid-in capital

	Current Period	***Prior Period***
Common shares	4,200,000	4,200,000
Preference shares	-	-

5.2.14.2 Registered share capital system

Capital System	**Paid-in Capital**	**Ceiling per Registered Share Capital**
Registered Shares	4,200,000	10,000,000

5.2.14.3 Capital increases in current period

None.

5.2.14.4 Capital increases from capital reserves in current period

None.

5.2.14.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.14.7 Information on privileges given to stocks representing the capital

None.

(Thousands of Turkish Lira (TL))

5.2.14.8 Securities value increase fund

Information on securities value increase fund classified as a part of income/expenses from valuation and/or reclassification of financial assets measured at FVOCI in the statement of changes in shareholders' equity, is as follows;

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Investments in Associates, Subsidiaries and Joint-Ventures	**-**	**-**	**-**	**-**
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	**120,034**	**(61,500)**	**183,445**	**117,029**
Valuation Difference	90,985	(61,500)	190,085	117,029
Exchange Rate Difference	29,049	-	(6,640)	-
Total	**120,034**	**(61,500)**	**183,445**	**117,029**

5.2.14.9 Revaluation surplus

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Movables	85,707	38,065	52,120	14,759
Real Estates	1,831,480	112,333	1,849,148	99,290
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates allocated for Capital Increases	-	-	-	-
Other	(302,744)	-	(302,746)	-
Total	**1,614,443**	**150,398**	**1,598,522**	**114,049**

5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures

	Current Period	*Prior Period*
Bankalararası Kart Merkezi AŞ	5,781	5,781
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	**6,694**	**6,694**

5.2.14.11 Legal reserves

	Current Period	*Prior Period*
I. Legal Reserve	1,188,310	1,126,710
II. Legal Reserve	548,644	507,264
Special Reserves	-	-
Total	**1,736,954**	**1,633,974**

5.2.14.12 Extraordinary reserves

	Current Period	*Prior Period*
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	50,053,637	44,235,769

(Thousands of Turkish Lira (TL))

5.2.14.13 Minority interest

	Current Period	*Prior Period*
Balance at Beginning of Period	**247,679**	**273,910**
Profit Share of Subsidiaries Net Profits	59,366	80,073
Prior Period Dividend Payment	(47,130)	(106,518)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(1,054)	214
Balance at End of Period	**258,861**	**247,679**

(Thousands of Turkish Lira (TL))

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial subsidiaries have term asset purchase and sale commitments of TL 31,120,240 (31 December 2020: TL 27,918,231), commitments for cheque payments of TL 3,866,870 (31 December 2020: TL 3,174,209) and commitments for credit card limits of TL 55,221,659 (31 December 2020: TL 47,352,117).

5.3.1.2 Possible losses and commitments resulted from off-balance sheet items

	Current Period	*Prior Period*
Letters of Guarantee in Foreign Currency	39,658,567	33,857,845
Letters of Guarantee in TL	36,504,895	31,475,024
Letters of Credit	16,455,179	13,163,222
Bills of Exchange and Acceptances	2,531,538	2,173,451
Prefinancings	-	-
Other Guarantees	205,083	125,852
Total	**95,355,262**	**80,795,394**

Expected losses for non-cash loans and irrevocable commitments

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Current Period **Balances at Beginning of Period**	**503,992**	**834,748**	**813,149**	**2,151,889**
Additions during the Period (+)	354,884	270,624	62,050	687,558
Disposal (-)	(542,823)	(239,867)	(72,813)	(855,503)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	96,791	(96,144)	(647)	-
Transfer to Stage 2	(23,705)	23,977	(272)	-
Transfer to Stage 3	(76)	(6,736)	6,812	-
Foreign Currency Differences	27,422	67,371	93,453	188,246
Balances at End of Period	**416,485**	**853,973**	**901,732**	**2,172,190**

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Prior Period **Balances at Beginning of Period**	**238,451**	**351,457**	**624,572**	**1,214,480**
Additions during the Period (+)	642,453	771,378	351,509	1,765,340
Disposal (-)	(513,980)	(241,228)	(261,762)	(1,016,970)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	150,407	(149,035)	(1,372)	-
Transfer to Stage 2	(44,197)	59,376	(15,179)	-
Transfer to Stage 3	(294)	(18,431)	18,725	-
Foreign Currency Differences	31,152	61,231	96,656	189,039
Balances at End of Period	**503,992**	**834,748**	**813,149**	**2,151,889**

Lifetime expected credit loss (Stage 3) of TL 901,732 (31 December 2020: TL 813,149) is made for unliquidated non-cash loans of TL 1,593,434 (31 December 2020: TL 1,441,170) recorded under the off-balance sheet items.

The detailed information for commitments, guarantees and sureties are provided under the statement of "off-balance sheet items".

(Thousands of Turkish Lira (TL))

5.3.1.3 Non-cash loans

	Current Period	*Prior Period*
Non-Cash Loans against Cash Risks	15,984,702	14,143,550
With Original Maturity of 1 Year or Less	*2,588,885*	*2,272,692*
With Original Maturity of More Than 1 Year	*13,395,817*	*11,870,858*
Other Non-Cash Loans	79,370,560	66,651,844
Total	**95,355,262**	**80,795,394**

5.3.1.4 Other information on non-cash loans

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

5.3.1.5 Non-cash loans classified under Group I and II:

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

(Thousands of Turkish Lira (TL))

5.4 Consolidated statement of profit or loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Interest Income from Loans				
Short-term loans	6,656,606	416,260	3,490,180	333,384
Medium and long-term loans	9,584,999	2,861,581	7,976,882	2,788,975
Loans under follow-up	292,849	81,028	287,272	133,399
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**16,534,454**	**3,358,869**	**11,754,334**	**3,255,758**

(*) Includes also fees and commissions income on cash loans.

5.4.1.2 Interest income from banks

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	-	-	292	-
Domestic Banks	52,322	28,103	49,111	19,902
Foreign Banks	2,738	23,810	1,505	63,882
Foreign Head Offices and Branches	-	-	-	-
Total	**55,060**	**51,913**	**50,908**	**83,784**

5.4.1.3 Interest income from securities portfolio

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Financial Assets Measured at Fair Value through Profit or Loss	44,995	18,846	43,809	13,819
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,798,931	242,446	998,108	247,766
Financial Assets Measured at Amortised Cost	1,653,599	211,303	1,185,714	157,306
Total	**3,497,525**	**472,595**	**2,227,631**	**418,891**

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. The estimated inflation rate which was taken as 13 % until 12 April 2021, was updated to 16 % after this date. If the valuation of such securities was performed according to the reference index valid as of 30 June 2021, the Parent Bank’s securities value decrease fund under the equity would decrease by TL 229,783 (net), whereas the interest income on securities portfolio would increase by TL 595,435.

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	*Prior Period*
Interest Received from Investments in Associates and Subsidiaries	45,758	12,446

(Thousands of Turkish Lira (TL))

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Banks	**117,816**	**84,266**	**136,262**	**239,719**
Central Bank of Turkey	32,613	689	19,868	1,840
Domestic Banks	65,752	62,064	50,474	30,588
Foreign Banks	19,451	21,513	65,920	207,291
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	**-**	**321,886**	**-**	**449,788**
Total	**117,816**	**406,152**	**136,262**	**689,507**

(*) Also includes fees and commissions expenses on borrowings.

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	*Prior Period*
Interest Paid to Investments in Associates and Subsidiaries	16,176	6,160

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	**Demand Deposits**	**Time Deposits**						**Total**
		Up to 1 Month	**1-3 Months**	**3-6 Months**	**6-12 Months**	**Over 1 Year**	**Accumulating Deposit Accounts**	
Turkish Lira								
Bank Deposits	6,009	43,853	-	-	-	-	-	49,862
Saving Deposits	2,259	210,321	4,790,688	244,755	86,653	175,864	-	5,510,540
Public Sector Deposits	-	2,048	2,769	53	-	-	-	4,870
Commercial Deposits	109	1,174,387	1,055,771	45,821	68,239	85,146	-	2,429,473
Others	-	35,537	108,333	7,464	79,270	343,370	-	573,974
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**8,377**	**1,466,146**	**5,957,561**	**298,093**	**234,162**	**604,380**	**-**	**8,568,719**
Foreign Currency								
Foreign Currency Deposits	1,078	43,715	176,051	38,899	22,436	37,966	87	320,232
Bank Deposits	(152)	228	546	2,244	5,659	3,810	-	12,335
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	1	249	-	250
Total FC	**926**	**43,943**	**176,597**	**41,143**	**28,096**	**42,025**	**87**	**332,817**
Grand Total	**9,303**	**1,510,089**	**6,134,158**	**339,236**	**262,258**	**646,405**	**87**	**8,901,536**

(Thousands of Turkish Lira (TL))

Prior Period	**Demand Deposits**	**Time Deposits**						**Total**
		Up to 1 Month	**1-3 Months**	**3-6 Months**	**6-12 Months**	**Over 1 Year**	**Accumulating Deposit Accounts**	
Turkish Lira								
Bank Deposits	765	31,091	-	-	-	-	-	31,856
Saving Deposits	923	111,077	2,258,729	17,896	16,848	97,571	-	2,503,044
Public Sector Deposits	-	6,875	1,836	-	-	1	-	8,712
Commercial Deposits	34	323,016	492,791	4,063	2,881	76,719	-	899,504
Others	-	7,204	33,031	1,049	13,163	220,949	-	275,396
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**1,722**	**479,263**	**2,786,387**	**23,008**	**32,892**	**395,240**	**-**	**3,718,512**
Foreign Currency								
Foreign Currency Deposits	4,037	34,714	219,642	51,477	37,238	79,135	199	426,442
Bank Deposits	(121)	614	548	2,929	4,790	988	-	9,748
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	1	38	71	5,012	-	5,122
Total FC	**3,916**	**35,328**	**220,191**	**54,444**	**42,099**	**85,135**	**199**	**441,312**
Grand Total	**5,638**	**514,591**	**3,006,578**	**77,452**	**74,991**	**480,375**	**199**	**4,159,824**

5.4.2.5 Interest expense on money market transactions

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

5.4.2.6 Lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

(Thousands of Turkish Lira (TL))

5.4.4 Trading income/losses (net)

	Current Period	*Prior Period*
Income	**100,272,038**	**65,375,326**
Trading Account Income	2,195,617	2,664,517
Derivative Financial Instruments	10,404,046	7,925,289
Foreign Exchange Gain	87,672,375	54,785,520
Losses (-)	**101,222,616**	**64,301,390**
Trading Account Losses	1,540,209	979,121
Derivative Financial Instruments	11,389,728	10,865,504
Foreign Exchange Losses	88,292,679	52,456,765
Total	**(950,578)**	**1,073,936**

TL 2,376,257 (30 June 2020: TL 1,558,237) of foreign exchange gains and TL 6,472,785 (30 June 2020: TL 2,429,718) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

The Parent Bank enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for funds borrowed amounting to USD 7,982,703 and EUR 15,789,486 and securitization borrowings amounting to EUR 26,510,517 by designating cross currency swaps with the same face values and terms and securitizations amounting to USD 322,642,276 and EUR 15,000,000 and deposits amounting to TL 1,380,000, USD 930,000,000 and forward EUR 480,000,000 by designating interest rate swaps with the same face values. Accordingly, in the current period, gain of TL 15,949 (30 June 2020: gain of TL 20,450) and loss of TL (84,654) (30 June 2020: loss of TL (330,121)) resulting from cross currency and interest rate swap were recognised under shareholders' equity, respectively.

The Parent Bank enters into interest rate and cross currency swap agreements in order to hedge the change in fair value of fixed-rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 200,000, USD 3,029,940 and EUR 39,198,452, for its fixed-rate coupons with a total face value of USD 387,500,000 and fixed-rate coupons with a total face value of EUR 23,800,000 by designating interest rate swaps and cross currency swaps with the same face values and terms. Accordingly, the accumulated fair value gain for the hedged loans and bonds is TL 14,781 (30 June 2020: gain of TL 48,878) and TL 323,035 (30 June 2020: gain of TL 388,127) respectively. The part of the related amount that belongs to the current period is accounted for under net trading income/losses in the statement of profit or loss.

The Parent Bank applies cash flow hedge accounting in order to hedge its expected investment expenditures which are considered to have high probability of realization in the future from the exchange rate risk that will occur due to fluctuations in the market exchange rates. Cash flow hedge accounting is applied between the estimated investment expenditures amounting to USD 56,302,701 in total (31 December 2020: USD 67,639,959) and foreign currency denominated assets and exchange differences arising from translation of foreign currency denominated assets into Turkish Lira are accounted under "Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss". As of 30 June 2021, TL 50,138 (30 June 2020: None) arising from cash flow accounting is accounted under equity. There is no ineffective portion arising from cash flow hedge accounting.

The Parent Bank applies cash flow hedge accounting in order to hedge its foreign Eurobond coupon returns which are considered to have high probability of realization in the future from the exchange rate risk that will occur due to fluctuations in the market exchange rates. Cash flow hedge accounting is applied between the estimated foreign Eurobond coupon returns amounting to USD 34,097,952 in total (31 December 2020: USD 67,639,959) and foreign currency denominated liabilities and exchange differences arising from translation of foreign currency denominated liabilities into Turkish Lira are accounted under "Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss". As of 30 June 2021, TL (30,364) (30 June 2020: None) arising from cash flow accounting is accounted under equity. There is no ineffective portion arising from cash flow hedge accounting.

The Parent Bank applies cash flow hedge accounting in order to hedge its payment commitments made within the context of a special mile program that the Bank is subject to from the exchange rate risk that will occur due to fluctuations in the market exchange rates. Cash flow hedge accounting is applied between the payment commitments amounting to USD 11,333,460 in total (31 December 2020: USD 11,333,460) and foreign currency denominated assets and exchange differences arising from translation of foreign currency denominated assets into Turkish Lira are accounted under "Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss". As of 30 June 2021, TL 10,886 (30 June 2020: None) arising from cash flow accounting is accounted under equity. There is no ineffective portion arising from cash flow hedge accounting.

In the consolidated financial statements, the Bank applies cash flow hedge accounting by designating floating rate funds borrowed used by the one of the Bank's subsidiary with interest rate swap transactions of the Bank, in order to hedge the cash flow risk arising from fluctuations in market interest rates of these funds borrowed by the subsidiary, starting from 30 September 2019. In this respect, cash flow hedge accounting is applied for funds borrowed amounting to EUR 102,659,877 by designating interest rate swaps that include floor option with the same nominal value and interest rate swaps of USD 7,000,000 with the same nominal value and terms. In this respect, there is TL 804 (30 June 2020: a loss of TL 756) amount accounted under shareholders' equity in the current period for interest rate swap transactions.

One of the Bank's consolidated subsidiaries enters into interest rate swap agreements in order to hedge the change in fair values of its fixed-rate financial instruments due to fluctuations in market interest rates. In this respect, the subsidiary applied fair value hedge accounting for fixed-rate eurobonds with a total face value of EUR 20,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, the accumulated fair value loss for the hedged loans and bonds is TL 15,303 (30 June 2020: loss of TL 19,463). The part of the related amount that belongs to the current period is accounted for under net trading income/losses in the statement of profit or loss.

One of the Bank's consolidated subsidiaries enters into interest rate agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the subsidiary applied cash flow hedge accounting for its funds borrowed amounting to EUR 35,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a loss of TL 7,184 (30 June 2020: a loss of TL 11,553) resulting from interest rate swap agreements were recognised under shareholders' equity.

One of the Bank's consolidated subsidiaries enters into foreign currency derivative contracts to hedge the foreign currency risk of its expected future cash flows. In this respect, the subsidiary applied cash flow hedge accounting for its loans granted in Turkish Lira by designating swaps with the same face value amount and similar terms; TL 120,621,833 sell and EUR 10,071,320 buy, HUF 3,220,952,778 sell and EUR 8,868,768 buy, RON 3,333,331 sell and EUR 650,976 buy, USD 104,315,998 sell and EUR 87,072,943 buy. Accordingly, in the current period, a loss of TL 348 (30 June 2020: a loss of TL 2,587) resulting from currency derivative contracts were recognized under shareholder's equity.

One of the Bank's consolidated subsidiaries enters into foreign currency derivative contracts to hedge the foreign currency risk of its expected future cash flows. In this respect, the subsidiary applied cash flow hedge accounting for its financial lease receivables granted in Foreign Currency by designating swaps with the same face value amount and similar terms; EUR 15,000,000 sell and TL 139,095,000 buy, USD 29,000,000 sell and TL 209,090,000 buy. Accordingly, in the current period, a loss of TL 4,158 (30 June 2020: a loss of TL 5,930) resulting from interest rate swap agreements and a gain of TL 84 (30 June 2020: a gain of TL 6,962) from currency derivative contracts were recognized under shareholder's equity.

(Thousands of Turkish Lira (TL))

5.4.5 Other operating income

The items under "other operating income" generally consists of collection or reversals of prior year expected credit losses, banking services related costs recharged to customers and income on custody services.

	Current Period	*Prior Period*
Prior Year Reversals	**4,797,193**	**2,677,121**
Stage 1	2,459,474	1,071,388
Stage 2	1,350,730	639,413
Stage 3	954,336	869,031
Others	32,653	97,289
Income from term sale of assets	**111,563**	**22,707**
Others (*)	**990,974**	**852,044**
Total	**5,899,730**	**3,551,872**

(*) Premium income from insurance business amounting to TL 744,684 (30 June 2020: TL 708,589) which is included in other operating income in the accompanying financial statements is presented in "others" line item.

(Thousands of Turkish Lira (TL))

5.4.6 Expected credit losses and other provisions

	Current Period	*Prior Period*
Expected Credit Losses	**8,145,978**	**7,540,582**
12-Month ECL (Stage 1)	*1,543,106*	*1,784,417*
Significant Increase in Credit Risk (Stage 2)	*4,158,230*	*3,202,833*
Impaired Credits (Stage 3)	*2,444,642*	*2,553,332*
Other Provisions	**2,209,718**	**1,739,979**
Impairment Losses on Securities	50,770	14,058
Financial Assets Measured at Fair Value through Profit or Loss	*45,778*	*12,984*
Financial Assets Measured at Fair Value through Other Comprehensive Income	*4,992*	*1,074*
Impairment Losses on Associates, Subsidiaries and Joint-ventures	89,297	293,323
Associates	-	*293,323*
Subsidiaries	*89,297*	-
Joint-ventures (business partnership)	-	-
Others	2,069,651	1,432,598
Total	**10,355,696**	**9,280,561**

5.4.7 Other operating expenses

	Current Period	*Prior Period*
Reserve for Employee Termination Benefits	82,481	59,275
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	14	100,809
Depreciation Expenses of Tangible Assets	214,572	190,741
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	86,854	77,765
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	2,506	3,753
Depreciation Expenses of Right-of-use Assets	152,845	171,119
Impairment Losses on Assets Held for Sale and Discontinued Assets	133	590
Other Operating Expenses	2,562,036	2,115,948
Operational Lease related Expenses (*)	*110,826*	*91,701*
Repair and maintenance expenses	*54,157*	*38,801*
Advertisement expenses	*98,340*	*65,704*
Other expenses	*2,298,713*	*1,919,742*
Loss on Sale of Assets	3,166	1,833
Others (**)	956,958	740,318
Total	**4,061,565**	**3,462,151**

(*) Includes lease related expenses out of the scope of TFRS 16.
(**) Includes Saving Deposits Insurance Fund related expenses of TL 349,656 (30 June 2020: TL 307,726) and insurance-business claim losses of TL 254,576 (30 June 2020: TL 264,818) in the current period.

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

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

(Thousands of Turkish Lira (TL))

5.4.9 Information on provision for taxes for continued and discontinued operations

For the period ended 30 June 2021, on a consolidated basis, the Bank recorded a current tax expense of TL 1,509,969 (30 June 2020: TL 2,257,006) and a deferred tax income of TL 153,447 (30 June 2020: TL 990,188 tax income).

There is no amount from discontinued operations.

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	***Current Period***	***Prior Period***
Increase in Tax Deductible Timing Differences (+)	(1,147,272)	(1,195,376)
Decrease in Tax Deductible Timing Differences (-)	471,108	93,761
Increase in Taxable Timing Differences (-)	537,990	203,951
Decrease in Taxable Timing Differences (+)	(15,273)	(92,524)
Total	**(153,447)**	**(990,188)**

Deferred tax benefit/charge in the income statement arising on timing differences, tax losses and tax deductions and exemptions

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	***Current Period***	***Prior Period***
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(685,389)	(1,126,469)
(Increase)/Decrease in Taxable Timing Differences (net)	522,717	111,427
(Increase)/Decrease in Tax Losses (net)	9,225	24,854
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	**(153,447)**	**(990,188)**

5.4.10 Net operating profit/loss after taxes including net profit/loss from discontinued operations

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

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of bank's performance

None.

5.4.11.2 Any changes in estimations that might have a material effect on current and subsequent period results

None.

5.4.11.3 Minority interest's profit/loss

	Current Period	***Prior Period***
Net Profit/(Loss) of Minority Interest	59,366	35,767

5.4.12 Components of other items in income statement

The items in others under "Fees and commissions received" and "Fees and commissions paid" in the consolidated income statement include mainly fees and commissions related with credit card transactions and other banking services.

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

(Thousands of Turkish Lira (TL))

5.7 Related party risks

5.7.1 Transactions with Parent Bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	792,970	27,873	662,187	878,143	157,906	51,551
Balance at end of period	691,417	24,815	598,374	1,423,985	130,680	157,521
Interest and Commission Income	**45,913**	**-**	**21,036**	**-**	**8,080**	**89**

Prior Period:

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	192,177	4,064	38,598	1,003,750	28,717	45,561
Balance at end of period	792,970	27,873	662,187	878,143	157,906	51,551
Interest and Commission Income	**13,173**	**7**	**5,982**	**-**	**2,591**	**80**

5.7.1.2 Deposits

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Deposits	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Balance at beginning of period	347,975	137,563	70,153	133,851	441,807	107,955
Balance at end of period	85,983	347,975	50,828	70,153	185,091	441,807
Interest Expenses	**16,176**	**6,160**	**47**	**79**	**16,587**	**3,105**

5.7.1.3 Derivative transactions

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
	Current Period	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	572,425	116,223	30,964,751	23,854,032	-	-
Balance at end of period	362,048	572,425	23,639,623	30,964,751	-	-
Total Profit/(Loss)	**1,618**	**147**	**131,631**	**(336,603)**	**-**	**-**
Transactions for Hedging						
Balance at beginning of period	-	-	565,120	643,552	-	-
Balance at end of period	-	-	492,701	565,120	-	-
Total Profit/(Loss)	**-**	**-**	**(1,438)**	**(683)**	**-**	**-**

Based on the decision of the Banking Regulation and Supervision Agency dated 22 June 2018 and numbered 7855, the special purpose entity and Türk Telekom A.Ş. have not been included in the risk group in accordance with the Articles 3 and 49 of the Banking Law No. 5411.

5.7.2 Bank's risk group

5.7.2.1 Relations with companies in risk group of/or controlled by the Bank regardless of nature of current transactions

Transactions with the risk group, are held under arm's-length conditions; terms are set according to the market conditions and in compliance with the Banking Law. The Bank's policy is to keep the balances and transaction volumes with the risk group at reasonable levels preventing any high concentration risk on balance sheet.

5.7.2.2 Concentration of transaction volumes and balances with risk group and pricing policy

The cash loans of the risk group amounting TL 802,725 (31 December 2020: TL 879,749) compose 0.20% (31 December 2020: 0.25%) of the Bank's total consolidated cash loans and 0.13% (31 December 2020: 0.16%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 1,420,471 (31 December 2020: TL 1,613,063) compose 0.23% (31 December 2020: 0.30%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,606,321 (31 December 2020: TL 957,567) compose 1,68% (31 December 2020: 1.19%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 321,902 (31 December 2020: TL 859,935) compose 0.08% (31 December 2020: 0.24%) of the Bank's total consolidated deposits. There are no funds borrowed by the Bank and its consolidated financial subsidiaries from their risk group of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arm's-length basis.

A total rent income of TL 2,920 (30 June 2020: TL 2,655) was recognized for the real estates rented to the related parties.

Other income of TL 3,819 (30 June 2020: TL 2,142) for the IT services rendered and banking services fee income of TL 11,576 (30 June 2020: TL 8,286) were recognized from the related parties.

Operating expenses of TL 51,836 (30 June 2020: TL 45,104) for operational leasing services rendered by the related parties were recognized as expenses.

Including the payments related to resigners, the net payment provided or to be provided to the key management of the Bank and its consolidated financial subsidiaries amounts to TL 62,762 as of 30 June 2021 (30 June 2020: TL 56,356).

5.7.2.3 Other matters not required to be disclosed

None

5.7.2.4 Transactions accounted for under equity method

None.

5.7.2.5 All kind of agreements signed like asset purchases/sales, service rendering, agencies, leasing, research and development, licenses, funding, guarantees, management services

The Bank has agency contracts with Garanti Yatırım Menkul Kıymetler AŞ and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the insurance products to customers. Agency services for trading of securities on behalf of the Bank's customers are rendered by specialized branches (Investment Centers).

Purchase of equipments for internal use are partly arranged through leasing.

5.8 Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of Parent Bank

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

5.9 Matters arising subsequent to the balance sheet date

On 6 July 2021, the Bank made a capital increase of EUR 53.5 million for Garanti Holding BV, one of its wholly owned subsidiaries, and Garanti Holding BV made a capital increase of EUR 53.0 million for its 100% owned subsidiary G Netherlands BV. The additional liquidity provided as a result of the capital increase was used in intra-group borrowing closings.

5.10 Other disclosures on activities

5.10.1 Information on international risk ratings

5.10.1.1 Parent Bank's international risk ratings

MOODY'S *(December 2020)*

Outlook	Negative
Long-Term FC Deposit	B2
Long-Term TL Deposit	B2
Short-Term FC Deposit	Not Prime
Short-Term TL Deposit	Not Prime
Basic Loan Assessment	b3
Adjusted Loan Assessment	b3
Senior Unsecured Rating (Regular Bond)	B2 (Negative)
Senior Unsecured Rating (Medium-Term Note Program)	P (B2)
Long-Term National Scale Rating (NSR)	A1.tr
Short-Term NSR	TR-1

FITCH RATINGS *(May 2021)*

Long-Term FC	B+ / Stable
Short-Term FC	B
Long-Term TL	BB-/ Stable
Short-Term TL	B
Financial Capacity	b+
Support	4
NSR	AA(tur)
Long Term National Scale Rating (NSR)	Stable
Senior Unsecured Long-Term Notes	B+
Senior Unsecured Short-Term Notes	B
Subordinated Notes	B

JCR EURASIA RATINGS (*August 2020)*

Long-Term International FC	BBB- (Negative)
Short-Term International FC	A-3(Negative)
Long-Term International TL	BBB (Negative)
Short-Term International TL	A-3(Negative)
Long-Term NSR	AAA(Trk)(Stable)
Short-Term NSR	A-1+(Trk)(Stable)
Independency from Shareholders	A
Support	1

5.10.1.2 International risk ratings of Garanti Bank International NV, a consolidated subsidiary

MOODY'S ***(June 2020)*** (*)

Long-Term FC Deposit	Ba1
Short-Term FC Deposit	NP
Baseline Credit Assessment	ba2
Adjusted Baseline Credit Assessment	ba1
Outlook	Negative
Long-Term Counterparty Risk Assessment	Baa2(cr)
Short-Term Counterparty Risk Assessment	P-2(cr)
Long-Term Counterparty Risk Rating	Baa3
Short-Term Counterparty Risk Rating	P-3

(*) Latest date in risk ratings or outlooks

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS ***(May 2021)*** (*)

Foreign Currency	
Long-Term	B+
Short-Term	B
Outlook	Stable
Turkish Lira	
Long-Term	BB-
Short-Term	B
Outlook	Stable
National	AA (tur)
Outlook	Stable
Support	4

(*) Latest date in risk ratings or outlooks

5.10.1.4 International risk ratings of Garanti Finansal Kiralama, a consolidated subsidiary

FITCH RATINGS ***(May 2021)*** (*)

Foreign Currency	
Long-Term	B+
Short-Term	B
Outlook	Stable
Turkish Lira	
Long-Term	BB-
Short-Term	B
Outlook	Stable
National	AA (tur)
Outlook	Stable
Support	4

(*) Latest date in risk ratings or outlooks

(Thousands of Turkish Lira (TL))

5.10.1.5 International risk ratings of Garanti Bank SA, a consolidated subsidiary

FITCH RATINGS *(February 2021)* (*)

Foreign Currency	
Long-Term IDR	BB-
Short-Term IDR	B
Support Rating	4
Viability Rating	bb-
Outlook	Negative

(*) Latest date in risk ratings or outlooks

5.10.2 Dividends

As per the decision made at the annual general assembly of shareholders of the Parent Bank on 31 March 2021, the distribution of the net profit of the year 2020, was as follows;

2020 PROFIT DISTRIBUTION TABLE	
2020 Net Profit	**6,238,003**
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(35,205)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(301,400)
D – Second dividend to the shareholders	(413,800)
E – Extraordinary reserves	(5,236,218)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(41,380)

5.10.3 Other disclosures

None (31 December 2020: None).

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial subsidiaries as of 30 June 2021, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and a limited review report dated 29 July 2021, is presented before the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent auditors

None.

7 Interim Activity Report

(Amounts are expressed in Turkish Lira (TL))

7.1 Summary financial information regarding the operating results for the current period, the comments of the chairman of the board of directors and the CEO

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 June 2021. Based on the consolidated financials, the Bank's **net income** in the first 6 months of the year recorded as TL 5 billion 437 million 136 thousand. **Asset size** realized at TL 607 billion 787 million 125 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 473 billion 179 million 816 thousand. Actively managing the funding base, deposits continued to be the main funding source; 68% of assets are funded via deposits. Deposit base reached to TL 411 billion 952 million 427 thousand with 15% growth in the first 6 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 15.94%[*]. The Bank delivered an **ROAE** (Return on Average Equity) of 18.3%[**] and an **ROAA** (Return on Average Assets) of 2.1%[**].

**Calculated without the forbearance introduced by BRSA*

***In the calculation of Return on Average Equity (ROAE) & Return on Average Assets (ROAA), non-recurring items are excluded when annualizing Net Income for the remaining quarters*

Commenting on the topic, **Garanti BBVA, Chairman Süleyman Sözen** stated that "The pandemic continues to be the main agenda item for global economies due to the formation of new variants. According to an article published by the IMF, the financial support provided by governments to mitigate the adverse effects of the pandemic has reached 16 trillion dollars. Although, the pick-up in vaccinations worldwide is a significant development in the fight against the pandemic and normalization, global growth is not expected to reach its pre-pandemic level before the first half of 2022.

Our country also started its normalization process, thanks to the acceleration in vaccination especially in the month of June. With the front loaded domestic demand and the recovery in global demand, the Turkish economy is expected to achieve a high growth of 9% this year. Since the growth is domestic consumption-driven, this has resulted in inflationary pressures. In this context, we expect the Central Bank to maintain its current tight stance. Turkey is positively differentiated from other developing countries with higher real interest rate offering.

In this period, we, as Garanti BBVA, continued to grow while strengthening our capital. This reflects not only our customers' trust in us but also the quality of our services provided via our branches and our digital platforms.

With the global pandemic, sustainability increasingly gained prominence. We as a Bank not only introduce innovations with respect to sustainability ;but also accordingly design our services to enable our customers to adopt more sustainable approaches. As Garanti BBVA, we commit to providing 1.5 billion TL of sustainable financing and supplying at least 80% of the bank's energy needs from renewable resources in 2021.

In the following periods we will continue to create value for our customers, investors, and all stakeholders."

Commenting on the topic, **Garanti BBVA CEO Recep Baştuğ** said: "In this environment where the global pandemic still persisting, countries entered a normalization processes with vaccinations gaining momentum. We, as Garanti BBVA, focused on the basic needs of our customers and not only continued but increased our support to the economy without any interruption. Thus, our TL loans grew by 12% and reached 233 billion TL level in the first half of 2021. During this period when domestic demand is gaining momentum, we have managed to grow above the sector average by meeting all the needs of our customers thanks to our wide service network and superior customer experience. We continued our support to real sector in line with their needs, recording a commercial loan growth that was significantly above the sector average. Thus, our market share in TL credits increased by 70 base points to 10.3% in the first half of the year. By primarily funding our TL loan growth by our deposits, we raised our total TL deposits to 165 billion TL, thus becoming one of the largest private sector banks in total TL deposits. This clearly reveals that we are healthily growing on both assets and liabilities sides of our balance sheet.

In this period, we continued to gain both customer and market share thanks to our strong advanced technological infrastructure and the ease of use we provide to our customers. Within this scope, another issue we attach importance to is to provide the opportunity to become a customer through digital channels, which came to life as of May 1st. Our "Contactless Customer Technology" creates a fast, time and place-independent experience for customers compared to traditional methods. Our aim is to present this process with a simple and secure experience as in the branch, by making use of our technological infrastructure, human resources and knowledge we have gained in customer experience, which we have invested in for years. This development is also very valuable for our bank to reach and serve more customers. We have full confidence that our Contactless Customer Becoming Technology, which has entered our lives as a new customer acquisition channel, will facilitate the spread of digital banking services to the masses by increasing financial inclusion in this field, where we are pioneers with more than 10 million customers. In line with the priority we give to sustainability as a bank, we donate to the Wildlife Fund for their support of reducing paper consumption and carbon emissions on behalf of our digital customers.

Last year, we became pioneers in the international banking sector by putting our signature under the first green syndication loan borrowed by a bank in the world and indexed to sustainability criteria. For this year, we committed ourselves to raise awareness on sustainability and carbon footprint, to increase the share of renewable energy sources in total electricity consumption, to provide 1,5 billion TL sustainable finances in 2021 and to procure at least 80% of our Bank's energy needs from renewable sources. We aim to end 2021 well above the committed 1,5 billion TL with a procurement of 5 billion TL to sustainable finance.

Despite the continuing effects of pandemic, we continued to maintain our precautionary and prudent approach in asset quality as always. The improvement observed in asset quality in first and second quarters of 2021 was the product of our proactive approach, restructurings, and timely loan classifications of the previous years. This cautious stance enabled us to grow by contributing to the economy in a sustainable way. In parallel with the increase in the number of our customers, the effective works of each line of business in a way to fully support our economy with the priority of our country, our customers and the bank played a role in this growth. Thus, we were able to demonstrate the continuity of our bank's ability to **"generate high-quality profits,"** which is one of its fundamental philosophies.

I would like to express my gratitude both to my colleagues having made a very great contribution to the strong operating results achieved by our Bank as of the end of second quarter, and to all our stakeholders, especially our customers, who accompany, support and trust us in this journey."

You may access Garanti BBVA earnings presentations regarding the BRSA consolidated financial results from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com

(Thousands of Turkish Lira (TL))

7.1.1 Selected Figures of Consolidated Financial Statements

Selected Balance Sheet Items	Current Period 30.June.2021	Prior Period 31.Dec.2020	Change Δ %
Total Assets	607,787,125	540,912,805	12.4%
Loans*	393,103,569	350,233,129	12.2%
- Performing Loans	377,824,554	335,004,294	12.8%
- Non-Performing Loans	15,279,015	15,228,835	0.3%
Customer Deposits	410,006,956	356,746,593	14.9%
Shareholders' Equity	67,579,750	62,409,195	8.3%

** Excludes Leasing and Factoring receivables*

Selected P&L Items	Current Period 30.June.2021	Prior Period 30.June.2020	Change Δ %
Net Interest Income	14,466,061	11,682,441	23.8%
Operating Expenses	6,628,747	5,636,036	17.6%
- HR Cost	2,567,182	2,173,885	18.1%
- Other Operating Expenses	4,061,565	3,462,151	17.3%
Net Fees&Commissions	4,230,328	3,187,384	32.7%
Net Income	5,437,136	3,330,879	63.2%

Selected Financial Ratios	Current Period 30.June.2021	Prior Period 31.Dec.2020	Change Δ bps
Performing Loans/Assets	62.2%	61.9%	23
Deposits/Assets	67.5%	66.0%	151
Return on Average Equity	18.3%	11.0%	733
Return on Average Assets	2.1%	1.3%	76
Cumulative Net Interest Margin (incl. swap costs)	3.9%	5.3%	-142
Non-Performing Loans Ratio	4.0%	4.5%	-49
Capital Adequacy Ratio*	15.9%	16.9%	-92

** Calculated without the forbearance introduced by BRSA*

Market Shares*	Current Period 30.June.2021	Prior Period 31.Dec.2020	Change Δ bps
Performing Loans	10.0%	9.6%	34
TL Performing Loans	10.3%	9.6%	71
FC Performing Loans	9.3%	9.6%	-37
Customer Deposits	10.4%	10.2%	19
TL Customer Deposits	10.3%	9.9%	44
FC Customer Deposits	10.5%	10.5%	2

**Market Shares are calculated per bank-only financials, for fair comparison*

Garanti with Numbers[1]	Current Period 30.June.2021	Prior Period 31.Dec.2020	Change Δ %
Branch Network	880	894	-1.6%
Number of Employees	18,636	18,654	-0.1%
ATM	5,290	5,309	-0.4%
POS*	681,177	684,896	-0.5%
Number of Customers	19,358,264	18,779,494	3.1%
Number of Digital Customers**	10,135,548	9,571,289	5.9%
Number of Credit Card Customers	7,541,548	7,322,446	3.0%

1 Subsidiaries are not included.

**Includes shared and virtual POS.*

*** Active customers only -- min. 1 login or call per quarter*

7.2 The amendments in the articles of association during period of 01.01.2021-30.06.2021

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2021-30.06.2021

Garanti BBVA's Annual Report, documents regarding ordinary general meeting of shareholders, information on board of directors and senior management, ratings and disclosures regarding important developments and other disclosures were announced and the disclosures were uploaded to the Public Disclosure Platform. Disclosures and all of the announcements are available at www.garantibbvainvestorrelations.com.

7.4 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 30 June 2021. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com.

You may find financial information on Garanti BBVA for the most recent five year period in the 2020 Integrated Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti BBVA Investor Relations website and at www.garantibbvainvestorrelations.com/en/integrated-annual-report/ .

7.5 Information regarding management and corporate governance practices

You may access information about the activities of the Board of Directors, the Audit Committee, the Credit Committee and the committees that are established pursuant to the Regulation on the Internal Systems of Banks under the framework of the risk management systems and are organized under the Board of Directors or to support the Board of Directors, chairman and members of the committees' names and surnames, fundamental duties and their attendance to the meetings from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com under the Committees section.

You may access the Corporate Governance Principles Compliance Report from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com under the Corporate Governance section.

7.6 Forward looking statements regarding the expectations

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş. has announced it's forward looking statements regarding the expectations for the year 2021. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti BBVA Investor Relations' website at www.garantibbvainvestorrelations.com in Operating Plan Guidance Presentations section.