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

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 Three-Month Period Ended

31 March 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 31 March 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 three 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 31 March 2021 includes a general reserve of TL 4,800,000 thousand which TL 150,000 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 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the three 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 April 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 THREE-MONTH PERIOD ENDED 31 MARCH 2021

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The consolidated financial report for the three-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 three-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
Fax no: 90 212 216 59 02

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SECTION ONE

General Information

SECTION TWO

Consolidated Interim Financial Statements

SECTION THREE

Accounting Policies

SECTION FOUR

Consolidated Financial Position and Results of Operations and Risk Management

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 884 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 31 March 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
Javier Bernal Dionis (*)	Member	27.07.2015	Master	32 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

(*) After the General Assembly held on 31 March 2021, Pablo Pastor Munoz was appointed as Board member instead of Javier Bernal Dionis.

Selahattin Güldü, EVP responsible from Commercial Banking resigned from the Bank on 13 April 2021.

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 31 March 2021

	ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2021			PRIOR PERIOD 31 December 2020		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**43,876,457**	**107,328,279**	**151,204,736**	**42,032,640**	**102,003,248**	**144,035,888**
1.1	**Cash and Cash Equivalents**	**5.1.1**	**11,076,084**	**85,828,784**	**96,904,868**	**15,635,099**	**78,617,941**	**94,253,040**
1.1.1	Cash and Balances with Central Bank		10,304,982	55,841,063	66,146,045	6,997,122	48,722,225	55,719,347
1.1.2	Banks		768,172	28,662,981	29,431,153	782,969	28,466,330	29,249,299
1.1.3	Money Market Placements		25,013	1,536,810	1,561,823	8,043,941	1,662,847	9,706,788
1.1.4	Expected Credit Losses (-)		22,083	212,070	234,153	188,933	233,461	422,394
1.2	**Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)**	**5.1.2**	**1,348,062**	**7,180,480**	**8,528,542**	**1,356,222**	**7,026,509**	**8,382,731**
1.2.1	Government Securities		704,441	2,283,150	2,987,591	759,526	2,153,945	2,913,471
1.2.2	Equity Securities		624,885	106,886	731,771	547,867	54,021	601,888
1.2.3	Other Financial Assets		18,736	4,790,444	4,809,180	48,829	4,818,543	4,867,372
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI**	**5.1.3**	**24,347,969**	**12,390,231**	**36,738,200**	**22,580,548**	**14,205,017**	**36,785,565**
1.3.1	Government Securities		24,257,692	6,095,030	30,352,722	22,411,168	9,228,128	31,639,296
1.3.2	Equity Securities		90,277	274,935	365,212	58,305	254,511	312,816
1.3.3	Other Financial Assets		-	6,020,266	6,020,266	111,075	4,722,378	4,833,453
1.4	**Derivative Financial Assets**	**5.1.4**	**7,104,342**	**1,928,784**	**9,033,126**	**2,460,771**	**2,153,781**	**4,614,552**
1.4.1	Derivative Financial Assets Measured at FVTPL		6,581,418	1,904,892	8,486,310	2,013,066	2,144,333	4,157,399
1.4.2	Derivative Financial Assets Measured at FVOCI		522,924	23,892	546,816	447,705	9,448	457,153
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)**		**243,797,404**	**149,619,373**	**393,416,777**	**231,445,253**	**141,326,018**	**372,771,271**
2.1	**Loans**	**5.1.5**	**227,236,023**	**144,178,814**	**371,414,837**	**215,475,505**	**134,757,624**	**350,233,129**
2.2	**Lease Receivables**	**5.1.6**	**1,966,343**	**6,098,948**	**8,065,291**	**1,818,749**	**5,689,959**	**7,508,708**
2.3	**Factoring Receivables**	**5.1.7**	**2,498,991**	**655,115**	**3,154,106**	**2,205,049**	**721,520**	**2,926,569**
2.4	**Other Financial Assets Measured at Amortised Cost**	**5.1.8**	**23,010,360**	**11,215,298**	**34,225,658**	**22,663,984**	**10,574,927**	**33,238,911**
2.4.1	Government Securities		22,976,403	11,179,943	34,156,346	22,630,403	10,541,868	33,172,271
2.4.2	Other Financial Assets		33,957	35,355	69,312	33,581	33,059	66,640
2.5	**Expected Credit Losses (-)**		**10,914,313**	**12,528,802**	**23,443,115**	**10,718,034**	**10,418,012**	**21,136,046**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.1.9**	**782,178**	**15,138**	**797,316**	**914,057**	**17,696**	**931,753**
3.1	Asset Held for Resale		782,178	15,138	797,316	914,057	17,696	931,753
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES**		**160,502**	**6,620**	**167,122**	**160,390**	**6,105**	**166,495**
4.1	**Associates (Net)**	**5.1.10**	**46,482**	**8**	**46,490**	**46,370**	**7**	**46,377**
4.1.1	Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		46,482	8	46,490	46,370	7	46,377
4.2	**Subsidiaries (Net)**	**5.1.11**	**114,020**	**6,612**	**120,632**	**114,020**	**6,098**	**120,118**
4.2.1	Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments in Subsidiaries		114,020	6,612	120,632	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**	**5,354,295**	**516,214**	**5,870,509**	**5,464,120**	**495,951**	**5,960,071**
VI.	**INTANGIBLE ASSETS (Net)**	**5.1.14**	**546,983**	**86,081**	**633,064**	**533,600**	**80,798**	**614,398**
6.1	Goodwill		6,388	-	6,388	6,388	-	6,388
6.2	Others		540,595	86,081	626,676	527,212	80,798	608,010
VII.	**INVESTMENT PROPERTY (Net)**	**5.1.15**	**561,525**	**-**	**561,525**	**561,525**	**-**	**561,525**
VIII.	**CURRENT TAX ASSET**		**14,975**	**122,987**	**137,962**	**3,420**	**85,563**	**88,983**
IX.	**DEFERRED TAX ASSET**	**5.1.16**	**3,316,158**	**27,052**	**3,343,210**	**3,618,388**	**22,015**	**3,640,403**
X.	**OTHER ASSETS (Net)**	**5.1.17**	**8,326,458**	**4,375,957**	**12,702,415**	**7,902,560**	**4,239,458**	**12,142,018**
	TOTAL ASSETS		**306,736,935**	**262,097,701**	**568,834,636**	**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 31 March 2021

	LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2021			PRIOR PERIOD 31 December 2020		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**5.2.1**	**144,079,263**	**227,787,294**	**371,866,557**	**142,230,848**	**215,869,500**	**358,100,348**
II.	**FUNDS BORROWED**	**5.2.2**	**2,434,800**	**26,686,418**	**29,121,218**	**2,233,552**	**24,386,631**	**26,620,183**
III.	**MONEY MARKET FUNDS**	**5.2.3**	**8,734,882**	**4,343,735**	**13,078,617**	**1,098,116**	**2,065,862**	**3,163,978**
IV.	**SECURITIES ISSUED (NET)**	**5.2.4**	**3,056,960**	**18,002,125**	**21,059,085**	**6,094,432**	**16,722,649**	**22,817,081**
4.1	Bills		1,813,851	-	1,813,851	4,883,881	-	4,883,881
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1,243,109	18,002,125	19,245,234	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**	**-**	**16,750,090**	**16,750,090**	**-**	**16,137,939**	**16,137,939**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**5.2.6**	**1,863,373**	**4,645,715**	**6,509,088**	**4,382,556**	**4,154,334**	**8,536,890**
7.1	Derivative Financial Liabilities Measured at FVTPL		1,775,225	4,348,512	6,123,737	4,250,527	3,881,002	8,131,529
7.2	Derivative Financial Liabilities Measured at FVOCI		88,148	297,203	385,351	132,029	273,332	405,361
VIII.	**FACTORING LIABILITIES**	**5.2.7**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE LIABILITIES (Net)**	**5.2.8**	**772,687**	**187,464**	**960,151**	**840,772**	**185,595**	**1,026,367**
X.	**PROVISIONS**	**5.2.9**	**6,643,189**	**3,672,745**	**10,315,934**	**6,763,967**	**3,271,604**	**10,035,571**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1,346,372	115,189	1,461,561	1,297,372	156,160	1,453,532
10.3	Insurance Technical Provisions (Net)		761,974	140,201	902,175	721,292	107,820	829,112
10.4	Other Provisions		4,534,843	3,417,355	7,952,198	4,745,303	3,007,624	7,752,927
XI.	**CURRENT TAX LIABILITY**	**5.2.10**	**647,920**	**35,517**	**683,437**	**2,247,903**	**48,444**	**2,296,347**
XII.	**DEFERRED TAX LIABILITY**	**5.2.10**	**-**	**49,807**	**49,807**	**-**	**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**	**1,032,378**	**6,310,883**	**7,343,261**	**1,029,532**	**5,569,437**	**6,598,969**
14.1	Borrowings		-	-	-	-	-	-
14.2	Other Debt Instruments		1,032,378	6,310,883	7,343,261	1,029,532	5,569,437	6,598,969
XV.	**OTHER LIABILITIES**	**5.2.13**	**21,072,234**	**5,981,485**	**27,053,719**	**18,859,556**	**4,261,518**	**23,121,074**
XVI.	**SHAREHOLDERS' EQUITY**	**5.2.14**	**64,166,306**	**(122,634)**	**64,043,672**	**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		1,648,684	115,221	1,763,905	1,598,522	114,049	1,712,571
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		3,276,228	(500,548)	2,775,680	3,197,339	(115,937)	3,081,402
16.5	Profit Reserves		51,512,785	262,693	51,775,478	45,520,735	349,008	45,869,743
16.5.1	Legal Reserves		1,638,258	84,046	1,722,304	1,554,550	79,424	1,633,974
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		49,605,596	-	49,605,596	43,728,172	-	43,728,172
16.5.4	Other Profit Reserves		268,931	178,647	447,578	238,013	269,584	507,597
16.6	Profit/Loss		2,512,686	-	2,512,686	6,501,538	11,828	6,513,366
16.6.1	Prior Periods' Profit/Loss		-	-	-	196,448	11,828	208,276
16.6.2	Current Period's Net Profit/Loss		2,512,686	-	2,512,686	6,305,090	-	6,305,090
16.7	Minority Interest		231,489	-	231,489	247,679	-	247,679
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**254,503,992**	**314,330,644**	**568,834,636**	**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 31 March 2021

		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2021			PRIOR PERIOD 31 December 2020		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)			**249,064,320**	**453,829,299**	**702,893,619**	**252,150,378**	**408,163,964**	**660,314,342**
I.	**GUARANTEES AND SURETIES**	**5.3.1**	**33,927,971**	**56,343,317**	**90,271,288**	**31,824,340**	**48,971,054**	**80,795,394**
1.1	Letters of guarantee		33,508,043	37,590,147	71,098,190	31,475,024	33,857,845	65,332,869
1.1.1	Guarantees subject to State Tender Law		-	1,415,417	1,415,417	-	1,368,856	1,368,856
1.1.2	Guarantees given for foreign trade operations		2,653,291	1,035,551	3,688,842	2,489,512	845,758	3,335,270
1.1.3	Other letters of guarantee		30,854,752	35,139,179	65,993,931	28,985,512	31,643,231	60,628,743
1.2	Bank acceptances		68,765	2,306,628	2,375,393	70,194	2,103,257	2,173,451
1.2.1	Import letter of acceptance		68,765	2,306,628	2,375,393	70,194	2,103,257	2,173,451
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		351,163	16,321,911	16,673,074	279,122	12,884,100	13,163,222
1.3.1	Documentary letters of credit		-	-	-	-	-	-
1.3.2	Other letters of credit		351,163	16,321,911	16,673,074	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		-	124,631	124,631	-	125,852	125,852
1.9	Other sureties		-	-	-	-	-	-
II.	**COMMITMENTS**		**81,372,802**	**39,529,274**	**120,902,076**	**75,926,337**	**28,902,086**	**104,828,423**
2.1	Irrevocable commitments		80,716,615	34,345,112	115,061,727	75,375,808	26,283,022	101,658,830
2.1.1	Asset purchase and sale commitments		4,262,082	31,041,730	35,303,812	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		-	2,972	2,972	-	2,780	2,780
2.1.4	Loan granting commitments		22,980,027	2,141,268	25,121,295	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		3,867,435	-	3,867,435	3,174,209	-	3,174,209
2.1.8	Tax and fund obligations on export commitments		143,435	-	143,435	143,224	-	143,224
2.1.9	Commitments for credit card limits		49,462,343	1,159,142	50,621,485	46,296,739	1,055,378	47,352,117
2.1.10	Commitments for credit cards and banking services related promotions		1,293	-	1,293	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		-	-	-	-	-	-
2.2	Revocable commitments		656,187	5,184,162	5,840,349	550,529	2,619,064	3,169,593
2.2.1	Revocable loan granting commitments		4,400	2,008,388	2,012,788	10,902	1,995,025	2,005,927
2.2.2	Other revocable commitments		651,787	3,175,774	3,827,561	539,627	624,039	1,163,666
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**5.3.2**	**133,763,547**	**357,956,708**	**491,720,255**	**144,399,701**	**330,290,824**	**474,690,525**
3.1	Derivative financial instruments held for risk management		4,321,320	40,590,646	44,911,966	5,065,184	37,222,722	42,287,906
3.1.1	Fair value hedges		69,986	8,359,523	8,429,509	469,986	8,308,419	8,778,405
3.1.2	Cash flow hedges		4,251,334	32,231,123	36,482,457	4,595,198	28,914,303	33,509,501
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		129,442,227	317,366,062	446,808,289	139,334,517	293,068,102	432,402,619
3.2.1	Forward foreign currency purchases/sales		9,248,454	13,630,336	22,878,790	9,069,175	11,312,583	20,381,758
3.2.1.1	Forward foreign currency purchases		6,329,694	5,086,780	11,416,474	6,506,988	3,879,245	10,386,233
3.2.1.2	Forward foreign currency sales		2,918,760	8,543,556	11,462,316	2,562,187	7,433,338	9,995,525
3.2.2	Currency and interest rate swaps		115,413,868	236,258,763	351,672,631	126,241,686	231,716,285	357,957,971
3.2.2.1	Currency swaps-purchases		7,241,206	92,372,023	99,613,229	8,963,202	92,403,946	101,367,148
3.2.2.2	Currency swaps-sales		64,811,129	46,693,740	111,504,869	65,522,846	47,853,673	113,376,519
3.2.2.3	Interest rate swaps-purchases		21,680,980	48,596,500	70,277,480	25,878,025	45,729,333	71,607,358
3.2.2.4	Interest rate swaps-sales		21,680,553	48,596,500	70,277,053	25,877,613	45,729,333	71,606,946
3.2.3	Currency, interest rate and security options		2,847,214	9,440,159	12,287,373	2,700,037	5,578,445	8,278,482
3.2.3.1	Currency call options		1,294,154	1,771,626	3,065,780	1,671,606	1,410,167	3,081,773
3.2.3.2	Currency put options		1,278,460	1,820,075	3,098,535	918,375	2,321,676	3,240,051
3.2.3.3	Interest rate call options		-	3,770,231	3,770,231	-	1,846,602	1,846,602
3.2.3.4	Interest rate put options		-	1,806,705	1,806,705	-	-	-
3.2.3.5	Security call options		100,161	136,842	237,003	25,011	-	25,011
3.2.3.6	Security put options		174,439	134,680	309,119	85,045	-	85,045
3.2.4	Currency futures		1,559,218	2,749,472	4,308,690	1,163,525	1,343,230	2,506,755
3.2.4.1	Currency futures-purchases		1,558,231	594,220	2,152,451	634,658	611,740	1,246,398
3.2.4.2	Currency futures-sales		987	2,155,252	2,156,239	528,867	731,490	1,260,357
3.2.5	Interest rate futures		-	8,237	8,237	-	-	-
3.2.5.1	Interest rate futures-purchases		-	8,237	8,237	-	-	-
3.2.5.2	Interest rate futures-sales		-	-	-	-	-	-
3.2.6	Others		373,473	55,279,095	55,652,568	160,094	43,117,559	43,277,653
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			**933,945,946**	**1,281,427,582**	**2,215,373,528**	**892,567,461**	**1,153,942,320**	**2,046,509,781**
IV.	**ITEMS HELD IN CUSTODY**		**75,144,433**	**64,689,732**	**139,834,165**	**67,992,766**	**56,592,842**	**124,585,608**
4.1	Customers' securities held		36,405,871	-	36,405,871	29,919,210	-	29,919,210
4.2	Investment securities held in custody		13,172,380	19,558,602	32,730,982	14,459,589	17,679,389	32,138,978
4.3	Checks received for collection		19,239,524	8,171,766	27,411,290	17,647,307	7,027,687	24,674,994
4.4	Commercial notes received for collection		2,865,876	1,213,433	4,079,309	2,484,480	1,094,391	3,578,871
4.5	Other assets received for collection		3,291,995	30,619,049	33,911,044	3,320,118	26,744,871	30,064,989
4.6	Assets received through public offering		-	201,743	201,743	-	181,367	181,367
4.7	Other items under custody		168,787	4,925,139	5,093,926	162,062	3,865,137	4,027,199
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**858,801,513**	**1,216,737,850**	**2,075,539,363**	**824,574,695**	**1,097,349,478**	**1,921,924,173**
5.1	Securities		7,473,679	2,455,316	9,928,995	6,569,370	2,166,776	8,736,146
5.2	Guarantee notes		23,212,106	22,066,787	45,278,893	23,246,598	19,038,091	42,284,689
5.3	Commodities		56,638	-	56,638	65,681	-	65,681
5.4	Warranties		-	587,793	587,793	-	536,450	536,450
5.5	Real estates		193,669,593	206,834,684	400,504,277	187,343,687	189,716,205	377,059,892
5.6	Other pledged items		634,389,497	984,793,130	1,619,182,627	607,349,359	885,891,825	1,493,241,184
5.7	Pledged items-depository		-	140	140	-	131	131
VI.	**CONFIRMED BILLS OF EXCHANGE AND SURETIES**		**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		**1,183,010,266**	**1,735,256,881**	**2,918,267,147**	**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 31 March 2021

	INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 January 2021- 31 March 2021	PRIOR PERIOD 1 January 2020- 31 March 2020
I.	**INTEREST INCOME**	**5.4.1**	**11,898,223**	**9,401,948**
1.1	Interest income on loans		9,387,805	7,641,032
1.2	Interest income on reserve deposits		128,253	277
1.3	Interest income on banks		56,559	85,166
1.4	Interest income on money market transactions		228,597	57,828
1.5	Interest income on securities portfolio		1,825,674	1,385,392
1.5.1	Financial assets measured at FVTPL		30,762	27,968
1.5.2	Financial assets measured at FVOCI		907,077	631,044
1.5.3	Financial assets measured at amortised cost		887,835	726,380
1.6	Financial lease income		145,085	127,800
1.7	Other interest income		126,250	104,453
II.	**INTEREST EXPENSE (-)**	**5.4.2**	**5,053,520**	**3,547,341**
2.1	Interest on deposits		4,016,126	2,224,688
2.2	Interest on funds borrowed		260,603	564,606
2.3	Interest on money market transactions		57,428	38,897
2.4	Interest on securities issued		679,978	542,987
2.5	Lease interest expense		26,922	46,559
2.6	Other interest expenses		12,463	129,604
III.	**NET INTEREST INCOME (I - II)**		**6,844,703**	**5,854,607**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**2,067,219**	**1,777,945**
4.1	Fees and commissions received		2,617,529	2,187,086
4.1.1	Non-cash loans		229,185	177,661
4.1.2	Others		2,388,344	2,009,425
4.2	Fees and commissions paid (-)		550,310	409,141
4.2.1	Non-cash loans		6,708	4,324
4.2.2	Others		543,602	404,817
V.	**DIVIDEND INCOME**	**5.4.3**	**3,215**	**833**
VI.	**NET TRADING INCOME/LOSSES (Net)**	**5.4.4**	**246,371**	**817,589**
6.1	Trading account income/losses		1,125,143	2,046,891
6.2	Income/losses from derivative financial instruments		4,817,155	(1,893,863)
6.3	Foreign exchange gains/losses		(5,695,927)	664,561
VII.	**OTHER OPERATING INCOME**	**5.4.5**	**3,622,055**	**2,455,840**
VIII.	**TOTAL OPERATING PROFIT (III+IV+V+VI+VII)**		**12,783,563**	**10,906,814**
IX.	**EXPECTED CREDIT LOSSES (-)**	**5.4.6**	**5,315,894**	**5,037,774**
X.	**OTHER PROVISIONS (-)**	**5.4.6**	**974,854**	**739,063**
XI.	**PERSONNEL EXPENSES (-)**		**1,220,870**	**1,061,430**
XII.	**OTHER OPERATING EXPENSES (-)**	**5.4.7**	**2,058,466**	**1,866,909**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**3,213,479**	**2,201,638**
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**	**3,213,479**	**2,201,638**
XVIII.	**PROVISION FOR TAXES (±)**	**5.4.9**	**669,148**	**521,447**
18.1	Current tax charge		181,397	847,373
18.2	Deferred tax charge (+)		1,671,197	315,706
18.3	Deferred tax credit (-)		(1,183,446)	(641,632)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**5.4.10**	**2,544,331**	**1,680,191**
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 OPERATI**	**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**	**2,544,331**	**1,680,191**
25.1	Equity holders of the bank		2,512,686	1,662,774
25.2	Minority interest		31,645	17,417
	Earnings per Share		**0.00598**	**0.00396**

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 Profit or Loss and Other Comprehensive Income
At 31 March 2021

	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2021 - 31 March 2021	**PRIOR PERIOD 1 January 2020 - 31 March 2020**
I.	**CURRENT PERIOD PROFIT/LOSS**	**2,544,331**	**1,680,191**
II.	**OTHER COMPREHENSIVE INCOME**	**(255,454)**	**(646,229)**
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**51,334**	**(25,620)**
2.1.1	Revaluation Surplus on Tangible Assets	1,762	6,144
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	50,400	(34,157)
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(828)	2,393
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**(306,788)**	**(620,609)**
2.2.1	Translation Differences	539,079	348,018
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(1,035,942)	(928,380)
2.2.3	Gains/losses from Cash Flow Hedges	263,808	(43,392)
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(264,175)	(222,343)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	190,442	225,488
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**2,288,877**	**1,033,962**

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 31 March 2021

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
		Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	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 (01/01/2020-31/03/2020)																	
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		**-**	**-**	**-**	**-**	**6,144**	**-**	**(31,764)**	**348,018**	**(754,315)**	**(214,113)**	**-**	**-**	**1,662,774**	**1,016,744**	**17,218**	**1,033,962**
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		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,649**	**-**	**-**	**20,649**	**-**	**20,649**
XI. Profit Distribution		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**1,604,106**	**(172,474)**	**187,187**	**3,558,304**	**(857,883)**	**(1,950,710)**	**39,633,578**	**6,164,914**	**1,662,774**	**54,814,230**	**291,128**	**55,105,358**
CURRENT PERIOD (01/01/2021-31/03/2021)																	
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		**-**	**-**	**-**	**-**	**2,272**	**-**	**49,062**	**539,079**	**(860,413)**	**15,612**	**208,276**	**(208,276)**	**2,512,686**	**2,258,298**	**30,579**	**2,288,877**
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		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16,169**	**-**	**-**	**16,169**	**-**	**16,169**
XI. Profit Distribution		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,681,290**	**(6,305,090)**	**-**	**(623,800)**	**(46,769)**	**(670,569)**
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(623,800)	-	(623,800)	(46,769)	(670,569)
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**	**1,950,708**	**(302,744)**	**115,941**	**5,729,465**	**(620,121)**	**(2,333,664)**	**51,775,478**	**-**	**2,512,686**	**63,812,183**	**231,489**	**64,043,672**

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Cash Flows
At 31 March 2021

	STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 January 2021- 31 March 2021	PRIOR PERIOD 1 January 2020 - 31 March 2020
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**	**5.6**	**(5,896,500)**	**4,215,574**
1.1.1	Interests received		10,079,133	7,876,346
1.1.2	Interests paid		(4,842,915)	(3,473,067)
1.1.3	Dividend received		3,215	833
1.1.4	Fees and commissions received		2,617,529	2,187,086
1.1.5	Other income		3,622,055	2,455,840
1.1.6	Collections from previously written-off receivables		215,357	212,554
1.1.7	Cash payments to personnel and service suppliers		(2,774,296)	(2,406,214)
1.1.8	Taxes paid		(1,932,101)	(777,818)
1.1.9	Others		(12,884,477)	(1,859,986)
1.2	**Changes in operating assets and liabilities**	**5.6**	**3,145,471**	**(17,151,619)**
1.2.1	Net (increase) decrease in financial assets measured at FVTPL		(143,847)	(1,672,936)
1.2.2	Net (increase) decrease in due from banks		(1,826,493)	(14,447,647)
1.2.3	Net (increase) decrease in loans		(24,445,879)	(23,043,797)
1.2.4	Net (increase) decrease in other assets		(556,244)	(1,840,536)
1.2.5	Net increase (decrease) in bank deposits		1,183,661	(757,754)
1.2.6	Net increase (decrease) in other deposits		12,298,897	19,285,645
1.2.7	Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8	Net increase (decrease) in funds borrowed		13,306,610	5,451,820
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		3,328,766	(126,414)
I.	**Net cash flow from banking operations**	**5.6**	**(2,751,029)**	**(12,936,045)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**	**5.6**	**(7,406)**	**488,887**
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(3,588)
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3	Purchases of tangible assets		(192,701)	(122,566)
2.4	Sales of tangible assets		211,275	95,021
2.5	Cash paid for purchase of financial assets measured at FVOCI		(7,806,596)	(4,621,205)
2.6	Cash obtained from sale of financial assets measured at FVOCI		7,388,387	5,966,038
2.7	Cash paid for purchase of financial assets measured at amortised cost		(212,368)	(1,009,931)
2.8	Cash obtained from sale of financial assets measured at amortised cost		604,597	185,118
2.9	Others		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**		**(388,399)**	**187,391**
3.1	Cash obtained from funds borrowed and securities issued		4,033,932	3,639,529
3.2	Cash used for repayment of funds borrowed and securities issued		(4,342,345)	(3,351,992)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for leases		(79,986)	(100,146)
3.6	Others		-	-
IV.	**Effect of translation differences on cash and cash equivalents**		**3,755,751**	**1,708,752**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**	**5.6**	**608,917**	**(10,551,015)**
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**	**53,372,674**	**37,455,478**

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 an epidemic 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 31 March 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 the 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 421,750,182 (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 2,812,809 (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 31 March 2021. There is no ineffective portion arising from net investment hedge accounting.

3.3 Information on consolidated subsidiaries

As of 31 March 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 stale, 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. Beginning on 30 June 2020, the Bank started to use TLREF OIS ("Overnight Indexed Swap") curves to reflect its fair valuation more accurately for the CBRT swap transactions and made the necessary fair value measurement adjustments. On the other hand, fair value measurement adjustments were made in the TL yield curves used in the valuation of derivative transactions as of 31 March 2021.

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 variable, 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 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 is 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 such calculated interest amount.

If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), 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 judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

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 owns in its securities portfolio; consumer price indexed government bonds ("CPI") 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 31 March 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 31 March 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 31 March 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 reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. 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 9312 dated 8 December 2020, 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 June 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 9312 dated 8 December 2020, 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 June 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 9312 dated 8 December 2020, 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 June 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 31 March 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 in every three months, in February, May, August and November. The Bank has assessed the relevant updates for the first quarter in its models.

After March, the Bank is carried out its quarterly routine procedure by updating the macroeconomic parameters for the third quarter.

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 9312 dated 8 December 2020, as of the reporting date loans with an overdue more than 90 days instead of 30 days are taken into consideration until 30 June 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, placement, etc.)
- Loans with counterparty of 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. Not having any tangible collaterals.

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 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 9312 and dated 8 December 2020, The Bank will not apply the above-mentioned 30 days past due rule until 30 June 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 Contingent 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:

	31 March 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:

	31 March 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

The corporate tax rate is at the rate of 20% for all companies. 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.

As of 31 March 2021, the prevailing corporate tax rate is as 20% in Turkey. However, as per the Article 11 of the Law No. 7316 on the "Procedure for Collection of Public Receivables and the Law Amending Some Laws" and as per the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law" published in the Official Gazette No. 31462 dated 22 April 2021, the corporate tax rate will 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 amendment will be applied for the declarations that must be submitted as of 1 July 2021 and will be valid for the corporate earnings for the taxation period starting from 1 January 2021. Since the tax rate change is effective as of 22 April 2021 and 20% was used as the tax rate in the current tax and deferred tax calculations in the financial statements as of 31 March 2021.

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.

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 31 March 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 / Commercial Banking**	**Investment Banking**	**Other**	**Total Operations**
Total Operating Profit	3,341,803	4,040,383	(537,730)	5,935,892	12,780,348
Other	-	-	-	-	-
Total Operating Profit	**3,341,803**	**4,040,383**	**(537,730)**	**5,935,892**	**12,780,348**
Net Operating Profit	1,272,837	1,248,190	(375,456)	1,064,693	3,210,264
Dividend Income	-	-	-	3,215	3,215
Net Operating Profit	**1,272,837**	**1,248,190**	**(375,456)**	**1,067,908**	**3,213,479**
Provision for Taxes	-	-	-	669,148	669,148
Net Profit	**1,272,837**	**1,248,190**	**(375,456)**	**398,760**	**2,544,331**
Segment Assets	100,911,707	249,380,209	157,328,641	61,046,957	568,667,514
Investments in Associates and Subsidiaries	-	-	-	167,122	167,122
Total Assets	**100,911,707**	**249,380,209**	**157,328,641**	**61,214,079**	**568,834,636**
Segment Liabilities	252,875,017	130,176,296	87,694,867	34,044,784	504,790,964
Shareholders’ Equity	-	-	-	64,043,672	64,043,672
Total Liabilities and Shareholders’ Equity	**252,875,017**	**130,176,296**	**87,694,867**	**98,088,456**	**568,834,636**

Prior Period	**Retail Banking**	**Corporate / Commercial Banking**	**Investment Banking**	**Other**	**Total Operations**
Total Operating Profit	2,705,880	2,770,706	1,742,104	3,687,291	10,905,981
Other	-	-	-	-	-
Total Operating Profit	**2,705,880**	**2,770,706**	**1,742,104**	**3,687,291**	**10,905,981**
Net Operating Profit	940,301	(316,144)	1,355,530	221,118	2,200,805
Dividend Income	-	-	-	833	833
Net Operating Profit	**940,301**	**(316,144)**	**1,355,530**	**221,951**	**2,201,638**
Provision for Taxes	-	-	-	521,447	521,447
Net Profit	**940,301**	**(316,144)**	**1,355,530**	**(299,496)**	**1,680,191**
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/loss	2,512,686	1,662,774
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.00598	0.00396

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

The Bank classified the amounts related to gains / losses on cash flow hedges and also the shares of investments valued by equity method recognized in other comprehensive income in the prior period financial statements, in accordance with Accounting Policies, Turkish Accounting Standards ("TAS 8") Regarding Changes and Errors in Accounting Estimates. The effect of the related adjustments is presented in the second section, Equity Change Table for the dates of 31 March 2020 and 31 December 2019.

The related classification has no effect on the consolidated statement of profit or loss and consolidated statement of other comprehensive income in current and prior periods.

In order to comply with the consolidated financial position as of 31 March 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 16,567 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	51,775,478	45,869,743
Other Comprehensive Income according to TAS	9,143,583	8,669,080
Profit	2,512,686	6,513,366
Current Period Profit	2,512,686	6,305,090
Prior Period Profit	-	208,276
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	6,694	6,694
Minority Interest	110,368	98,252
Common Equity Tier I Capital Before Deductions	**68,533,243**	**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 (-)	4,521,256	3,571,428
Leasehold Improvements on Operational Leases (-)	113,078	124,608
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	612,322	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	**5,246,656**	**4,287,567**
Total Common Equity Tier I Capital	**63,286,587**	**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)	**63,286,587**	**61,854,002**
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	7,180,855	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)	4,726,895	4,623,236
Total Deductions from Tier II Capital	**11,907,750**	**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	**11,907,750**	**11,161,116**
Total Equity (Total Tier I and Tier II Capital)	**75,194,337**	**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 (-)	76	82
Other items to be Defined by the BRSA (-)	1,750	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)	**75,192,511**	**73,013,234**
Total Risk Weighted Assets	**454,299,729**	**432,914,519**
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	**13.93**	**14.29**
Consolidated Tier I Capital Ratio (%)	**13.93**	**14.29**
Consolidated Capital Adequacy Ratio (%)	**16.55**	**16.87**
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.121	4.130
a) Capital Conservation Buffer Ratio (%)	2.500	2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.121	0.130
c) Systemically Important Banks Buffer Ratio (%)	1.500	1.500
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	5.930	8.287
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	3,373,820	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)	14,187,472	12,839,046
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4,726,895	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 8 December 2020, in capital adequacy ratio calculation until 30 June 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 31 March 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 15.83% as of 31 March 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)	6,178 (31 December 2020: 5,535)	253 (31 December 2020: 253)	750 (31 December 2020: 750)
Nominal value of instrument (TL million)	6,178 (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	4,539,585	89,436	4,629,021	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	*1,763,905*	-	*1,763,905*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*2,775,680*	*89,436*	*2,865,116*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	51,775,478	-	51,775,478	
Profit or Loss	2,512,686	-	2,512,686	
Prior Periods' Profit/Loss	-	-	-	
Current Period Net Profit/Loss	*2,512,686*	-	*2,512,686*	
Minority Interest	231,489	(121,121)	110,368	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		725,400	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**64,043,672**		**63,286,587**	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**63,286,587**	
Subordinated Debts			7,180,855	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			4,726,895	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			**11,907,750**	
Deductions from Total Capital (-)			1,826	Deductions from Capital as per the Regulation
Total			**75,192,511**	

(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 31 March 2021, the Bank and its financial subsidiaries' net 'on balance sheet' foreign currency short position amounts to TL 41,514,567 (31 December 2020: TL 35,256,691), net 'off-balance sheet' foreign currency long position amounts to TL 56,142,297 (31 December 2020: TL 48,572,126), while net foreign currency close position amounts to TL 14,627,730 (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	9.6796	8.2373
Foreign currency rates for the days before balance sheet date;		
Day 1	9.7145	8.2818
Day 2	9.5967	8.1580
Day 3	9.4224	7.9915
Day 4	9.3356	7.9135
Day 5	9.2660	7.8327
Last 30-days arithmetical average rate	9.0565	7.6163

(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	16,485,974	27,783,039	11,572,050	55,841,063
Banks	12,031,051	14,572,096	2,059,834	28,662,981
Financial Assets Measured at Fair Value through Profit/Loss	231,179	5,253,850	1,695,451	7,180,480
Money Market Placements	1,269,573	267,237	-	1,536,810
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,289,857	5,841,452	2,258,922	12,390,231
Loans (*)	72,500,500	67,710,195	11,196,027	151,406,722
Investments in Associates, Subsidiaries and Joint-Ventures	5,235	-	1,385	6,620
Financial Assets Measured at Amortised Cost	424,199	10,791,099	-	11,215,298
Derivative Financial Assets Held for Hedging Purpose	6,239	17,673	-	23,912
Tangible Assets	308,336	279	206,761	515,376
Intangible Assets (**)	-	-	-	-
Other Assets (***)	(101,593)	1,281,156	(122,883)	1,056,680
Total Assets	**107,450,550**	**133,518,076**	**28,867,547**	**269,836,173**
Liabilities				
Bank Deposits	816,143	458,852	194,246	1,469,241
Foreign Currency Deposits	76,343,620	112,429,821	15,764,778	204,538,219
Money Market Funds	2,992,843	1,350,680	212	4,343,735
Other Fundings	13,383,682	13,021,566	281,170	26,686,418
Securities Issued (****)	1,226,192	39,836,906	-	41,063,098
Miscellaneous Payables	2,669,270	1,151,110	118,288	3,938,668
Derivative Financial Liabilities Held for Hedging Purpose	83,363	532,324	494	616,181
Other Liabilities (*****)	1,969,027	4,607,411	22,118,742	28,695,180
Total Liabilities	**99,484,140**	**173,388,670**	**38,477,930**	**311,350,740**
Net 'On Balance Sheet' Position	**7,966,410**	**(39,870,594)**	**(9,610,383)**	**(41,514,567)**
Net 'Off-Balance Sheet' Position	**(2,123,364)**	**45,795,682**	**12,469,979**	**56,142,297**
Derivative Assets	17,350,859	91,776,567	23,097,009	132,224,435
Derivative Liabilities	19,474,223	45,980,885	10,627,030	76,082,138
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 473,845 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 having qualification of subordinated loan presented under subordinated debts and financial liabilities measured at FVTPL in the balance sheet.

(*****) The gold deposits of TL 21,779,834 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	31,777,192	-	-	-	-	34,368,853	66,146,045
Banks	9,104,678	108,245	295,997	-	61,083	19,861,150	29,431,153
Financial Assets Measured at Fair Value through Profit/Loss	904,119	656,211	5,364,415	281,250	227,022	1,095,525	8,528,542
Money Market Placements	327,007	1,234,816	-	-	-	-	1,561,823
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,079,664	4,884,481	9,562,667	9,033,633	6,004,215	5,173,540	36,738,200
Loans	91,953,043	68,296,486	97,061,561	94,552,660	18,782,751	11,987,733	382,634,234
Financial Assets Measured at Amortised Cost	4,172,770	5,868,162	4,984,499	8,780,782	4,135,607	6,283,838	34,225,658
Other Assets (**)	18,354	95,194	38,096	68,686	10,265	9,338,386	9,568,981
Total Assets	**140,336,827**	**81,143,595**	**117,307,235**	**112,717,011**	**29,220,943**	**88,109,025**	**568,834,636**
Liabilities							
Bank Deposits	781,513	659	-	-	-	1,755,850	2,538,022
Other Deposits	149,536,178	34,107,976	23,077,529	4,260,149	10,083	158,336,620	369,328,535
Money Market Funds	8,315,021	394,931	1,314,879	3,005,183	-	48,603	13,078,617
Miscellaneous Payables	-	-	-	-	-	21,183,210	21,183,210
Securities Issued (***)	8,883,507	1,986,914	322,618	16,611,656	16,775,976	571,765	45,152,436
Other Fundings	855,130	18,049,629	8,161,722	1,900,445	92,798	61,494	29,121,218
Other Liabilities	14,945	33,774	115,142	501,409	146,944	87,620,384	88,432,598
Total Liabilities	**168,386,294**	**54,573,883**	**32,991,890**	**26,278,842**	**17,025,801**	**269,577,926**	**568,834,636**
On Balance Sheet Long Position	**-**	**26,569,712**	**84,315,345**	**86,438,169**	**12,195,142**	**-**	**209,518,368**
On Balance Sheet Short Position	**(28,049,467)**	**-**	**-**	**-**	**-**	**(181,468,901)**	**(209,518,368)**
Off-Balance Sheet Long Position	**27,122,804**	**35,394,543**	**11,222,106**	**9,663,584**	**17,525,060**	**-**	**100,928,097**
Off-Balance Sheet Short Position	**(10,211,736)**	**(25,476,634)**	**(17,758,491)**	**(20,890,433)**	**(24,109,132)**	**-**	**(98,446,426)**
Total Position	**(11,138,399)**	**36,487,621**	**77,778,960**	**75,211,320**	**5,611,070**	**(181,468,901)**	**2,481,671**

(*) 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)	-	-	9.51
Banks	(0.85)-0.35	0.01-2.00	-	14.25-19.25
Financial Assets at Fair Value through Profit/Loss	2.81	4.28-10.00	-	3.00-25.00
Money Market Placements	(0.60)-(0.64)	0.08	-	19.00
Financial Assets Measured at Fair Value through Other Comprehensive Income	0.25-4.35	3.25-11.88	-	11.59-14.97
Loans (*)	0.32-10.56	0.08-7.73	-	10.67-22.00
Financial Assets Measured at Amortised Cost	1.65	5.24	-	11.39-14.76
Liabilities				
Bank Deposits	0.01	0.38	-	17.54
Other Deposits	(0.75)-7.00	0.03-3.50	-	6.00-16.00
Money Market Fundings	(0.50)-(0.38)	2.62	-	13.20-19.50
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.76	-	17.80-19.33
Other Fundings	0.20-3.70	0.50-3.91	-	7.21-20.06

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**	**139,683**	**-**	**-**
	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	-	-	-	68,629	-	68,629
3	Other Shares	-	23,763	23,763	-	-	-
	Total	**-**	**23,763**	**23,763**	**68,629**	**-**	**68,629**

(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	167,122	166,376	13,310
	Total	**167,122**	**166,376**	**13,310**

	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.

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 and unused portion of USD, Euro and gold are used in TL funding via currency swap transactions even though there was de-dollarization in the first quarter of 2021. 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. The Bank turns to permanent consumer deposits to increase of weights Consumer/SME deposits in TL deposits and contributes liquidity ratios in the first quarter of 2021.

The Bank keeps liquidity buffer in high level by taking liquidity risk increased periods into consideration. 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.

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 out flow in the Bank's internal liquidity metrics and therefore this not create a significant effect from the point of the Bank. On the contrary, metrics such as Bank's Liquidity Coverage Ratio are in extremely healthy level and this liquidity is used for 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 6.05% cash, 39.36% deposits in central banks and 54.59% 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 77.41% deposits, 8.78% funds borrowed and money market borrowings, 9.40% securities issued and %4.41 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				122,937,310	68,448,868
1	Total high-quality liquid assets (HQLA)	123,153,279	68,449,362	122,937,310	68,448,868
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	255,990,370	154,174,326	23,582,209	15,358,224
3	Stable deposits	40,336,572	1,184,181	2,016,829	59,209
4	Less stable deposits	215,653,798	152,990,145	21,565,380	15,299,015
5	Unsecured wholesale funding, of which:	96,686,414	54,684,307	49,595,737	25,711,661
6	Operational deposits	-	-	-	-
7	Non-operational deposits	77,728,835	49,989,497	35,366,940	21,884,689
8	Unsecured funding	18,957,579	4,694,810	14,228,797	3,826,972
9	Secured wholesale funding	547,998	29,334	287,908	29,334
10	Other cash outflows of which:	155,887,829	51,003,492	24,732,537	19,628,495
11	Outflows related to derivative exposures and other collateral requirements	11,572,518	14,245,874	11,572,518	14,245,874
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	144,315,311	36,757,618	13,160,019	5,382,621
14	Other revocable off-balance sheet commitments and contractual obligations	1,956,329	1,345,150	97,816	67,258
15	Other irrevocable or conditionally revocable off-balance sheet obligations	14,534,522	14,151,042	726,726	707,552
16	**Total Cash Outflows**	**525,603,462**	**275,387,651**	**99,022,933**	**61,502,524**
Cash Inflows					
17	Secured receivables	93,535	-	-	
18	Unsecured receivables	42,199,458	23,696,011	29,901,482	17,874,394
19	Other cash inflows	965,146	23,897,783	922,856	23,890,480
20	**Total Cash Inflows**	**43,258,139**	**47,593,794**	**30,824,338**	**41,764,874**
				Upper Limit Applied Values	
21	**Total HQLA**			**122,937,310**	**68,448,868**
22	**Total Net Cash Outflows**			**68,198,595**	**19,737,650**
23	**Liquidity Coverage Ratio (%)**			**180.70%**	**349.62%**

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

The table below presents the first three months of 2021's consolidated Liquidity Ratios:

Period	**TL+FC**	**FC**
31 January 2021	187.67%	302.68%
28 February 2021	182.59%	379.46%
31 March 2021	171.85%	366.71%

(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	37,478,473	28,667,572	-	-	-	-	-	66,146,045
Banks	26,013,402	2,938,127	110,791	205,326	163,507	-	-	29,431,153
Financial Assets at Fair Value through Profit/Loss	982,781	881,592	432,234	5,416,804	576,938	225,371	12,822	8,528,542
Money Market Placements	-	327,021	1,234,126	-	-	-	676	1,561,823
Financial Assets Measured at Fair Value through Other Comprehensive Income	365,212	13,127	734,759	6,561,844	20,144,004	8,919,254	-	36,738,200
Loans	1,019,218	57,856,468	45,229,212	98,955,849	126,604,125	31,256,090	21,713,272	382,634,234
Financial Assets Measured at Amortised Cost	-	152,117	2,407,208	2,180,565	23,123,580	6,362,188	-	34,225,658
Other Assets (*)	8,752,070	3,414,050	2,968,995	1,786,147	1,124,704	1,480,290	(9,957,275)	9,568,981
Total Assets	**74,611,156**	**94,250,074**	**53,117,325**	**115,106,535**	**171,736,858**	**48,243,193**	**11,769,495**	**568,834,636**
Liabilities								
Bank Deposits	1,755,850	781,513	659	-	-	-	-	2,538,022
Other Deposits	161,872,072	147,831,180	34,248,524	21,608,516	3,751,656	16,587	-	369,328,535
Other Fundings	-	4,677,509	6,974,016	11,741,939	4,529,380	1,198,374	-	29,121,218
Money Market Funds	-	8,342,735	2,049,741	1,320,515	1,365,626	-	-	13,078,617
Securities Issued (**)	-	4,597,536	1,613,799	-	20,119,280	18,821,821	-	45,152,436
Miscellaneous Payables	19,658,304	740,323	346,130	54,948	4,269	317	378,919	21,183,210
Other Liabilities (***)	3,913,818	1,678,940	1,003,809	1,046,523	1,668,861	4,068,174	75,052,473	88,432,598
Total Liabilities	**187,200,044**	**168,649,736**	**46,236,678**	**35,772,441**	**31,439,072**	**24,105,273**	**75,431,392**	**568,834,636**
Liquidity Gap	**(112,588,888)**	**(74,399,662)**	**6,880,647**	**79,334,094**	**140,297,786**	**24,137,920**	**(63,661,897)**	**-**
Net Off-Balance Sheet Position	**-**	**678,854**	**1,500,131**	**727,534**	**1,135,041**	**329,902**	**-**	**4,371,462**
Derivative Financial Assets	-	67,962,951	44,309,415	22,475,282	7,355,067	1,809,813	-	143,912,528
Derivative Financial Liabilities	-	67,284,097	42,809,284	21,747,748	6,220,026	1,479,911	-	139,541,066
Non-Cash Loans	**-**	**37,034,521**	**8,235,814**	**1,969,643**	**5,473,657**	**665,823**	**157,793,906**	**211,173,364**
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 8.24% (31 December 2020: 8.28%). While the capital increased by 2.04% mainly as a result of increase in net profits, total risk amount increased by 2.63%. Therefore, the current period leverage ratio decreased by 4 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	(19,417,412)	(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	11,236,578	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	1,691,508	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	766,140,190	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)	550,824,902	546,520,546
2	(Assets deducted in determining Tier I capital)	(717,521)	(709,113)
3	Total on-balance sheet risks (sum of lines 1 and 2)	550,107,381	545,811,433
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	5,604,142	6,846,537
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	19,506,065	20,360,234
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	25,110,207	27,206,771
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,084,669	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)	1,084,669	371,602
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	191,529,441	175,643,681
11	(Adjustments for conversion to credit equivalent amounts)	(1,691,508)	(2,533,857)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	189,837,933	173,109,824
Capital and total risks			
13	Tier I capital	63,027,455	61,767,602
14	Total risks (sum of lines 3, 6, 9 and 12)	766,140,190	746,499,630
Leverage ratio			
15	Leverage ratio	%8.24	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) (*)	363,718,005	360,123,635	29,097,440
2	Of which standardised approach (SA)	363,718,005	360,123,635	29,097,440
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	14,408,654	9,712,230	1,152,692
5	Of which standardised approach for counterparty credit risk (SA-CCR)	14,408,654	9,712,230	1,152,692
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	24,951	23,030	1,996
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	20,986,088	18,058,688	1,678,887
17	Of which standardised approach (SA)	20,986,088	18,058,688	1,678,887
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)**	**454,299,729**	**432,914,519**	**36,343,977**

(*) 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

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

4.10.4 Consolidated counterparty credit risk

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

4.10.5 Consolidated securitisations

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

4.10.6 Consolidated market risk

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

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	2,671,654	5,697,351	2,722,172	6,956,041
Central Bank of Turkey	7,633,328	48,979,300	4,274,948	40,444,718
Others	-	1,164,412	2	1,321,466
Total	**10,304,982**	**55,841,063**	**6,997,122**	**48,722,225**

Balances with the Central Bank of Turkey

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	7,633,328	20,311,728	4,274,948	14,434,418
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	28,667,572	-	26,010,300
Total	**7,633,328**	**48,979,300**	**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	548,346	198,908	486,817	161,010
Foreign banks	219,826	28,464,073	296,152	28,305,320
Foreign head office and branches	-	-	-	-
Total	**768,172**	**28,662,981**	**782,969**	**28,466,330**

The placements at foreign banks include blocked accounts amounting TL 6,836,190 (31 December 2020: TL 9,311,678) of which TL 266,100 (31 December 2020: TL 2,222,619) kept at the central banks of Malta, TL 220,923 (31 December 2020: TL 201,295) kept at Turkish Republic of Northern Cyprus and TL 6,349,167 (31 December 2020: TL 6,887,764) kept at various banks as collateral.

Furthermore, there are restricted deposits at various domestic banks amounting TL 484,463 (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	**25,013**	**-**	**8,043,941**	**-**
Central Bank of Turkey	-	-	-	-
Banks	25,013	-	8,003,922	-
Others	-	-	40,019	-
Foreign Transactions	**-**	**1,536,810**	**-**	**1,662,847**
Central banks	-	-	-	-
Banks	-	1,536,810	-	1,662,847
Others	-	-	-	-
Total	**25,013**	**1,536,810**	**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 (+)	372,119	-	-	372,119
Disposal (-)	(574,591)	-	-	(574,591)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	14,231	-	-	14,231
Balances at End of Period	**234,153**	**-**	**-**	**234,153**

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	176,516	-	209,690	-
Assets Subject to Repurchase Agreements	10,298	-	7,444	-
Total	**186,814**	**-**	**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	704,441	2,283,150	759,526	2,153,945
Equity Securities	624,885	106,886	547,867	54,021
Other Financial Assets (*)	18,736	4,790,444	48,829	4,818,543
Total	**1,348,062**	**7,180,480**	**1,356,222**	**7,026,509**

(*) Financial assets measured at fair value through profit or loss include 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 92 million (will decrease TL 92 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	7,601,307	4,625,595	12,817,253	3,061,618
Assets subject to Repurchase Agreements	4,920	1,030,645	-	219,574
Total	**7,606,227**	**5,656,240**	**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	**32,333,796**	**31,256,078**
Quoted at Stock Exchange	32,303,506	31,256,078
Unquoted at Stock Exchange	30,290	-
Common Shares/Investment Fund	**8,655**	**8,385**
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	4,164	3,894
Value Increase/Impairment Losses (-)	**4,395,749**	**5,521,102**
Total	**36,738,200**	**36,785,565**

Expected losses of TL 95,685 (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	208,363	19,489	372,828	24,911
Swap Transactions	6,300,338	1,807,532	1,614,096	2,059,196
Futures	-	1,532	-	5,315
Options	72,717	75,434	26,142	54,240
Others	-	905	-	671
Total	**6,581,418**	**1,904,892**	**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	-	-	-	-
Cash Flow Hedges	522,924	23,892	447,705	9,448
Net Foreign Investment Hedges	-	-	-	-
Total	**522,924**	**23,892**	**447,705**	**9,448**

(Thousands of Turkish Lira (TL))

As of 31 March 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	41,175,180	100,765	617,853	38,326,836	26,295	759,790
-TL	3,380,000	85,225	3,796	3,860,000	26,295	61,946
-FC	37,795,180	15,540	614,057	34,466,836	-	697,844
Cross Currency Swaps	2,758,605	438,512	152,217	3,134,232	423,881	139,983
-TL	925,702	437,699	84,352	1,183,661	421,410	71,706
-FC	1,832,903	813	67,865	1,950,571	2,471	68,277
Currency Forwards	192,797	975	1,232	42,320	-	846
-TL	15,618	-	-	21,523	-	-
-FC	177,179	975	1,232	20,797	-	846
Interest Rate Options	785,384	6,564	-	784,518	6,977	-
-TL	-	-	-	-	-	-
-FC	785,384	6,564	-	784,518	6,977	-
Total	**44,911,966**	**546,816**	**771,302**	**42,287,906**	**457,153**	**900,619**

5.1.4.3 Fair value hedge accounting

Current Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item: Asset	Net Fair Value Change of Hedging Item: Liability	Income Statement Effect (gains/losses from derivative financial instruments)
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	8,044	-	(7,646)	14,909
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	259,309	-	(310,934)	228
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	2,343	-	(67,371)	(817)

Prior Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item: Asset	Net Fair Value Change of Hedging Item: Liability	Income Statement Effect (gains/losses from derivative financial instruments)
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	-	(95,172)	17,298	(13,834)	(22,814)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	100,765	(204,101)	138,365	(35,463)	(2,852)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	419,954	(84,353)	(5,988)	(1,985)	(91,792)
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	18,558	(493)	1,504	(2,769)	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	975	(1,232)	(312)	320	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	6,564	-	(126)	-	6,634
Spot Position (*)	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	9,716	-	-
Spot Position (*)	Expected investment expenditures	Cash flow risk resulted from foreign currency exchange rates	-	-	57,651	-	-
Spot Position (**)	Expected eurobond coupon revenues	Cash flow risk resulted from foreign currency exchange rates	-	-	(49,768)	-	-

(*) 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 27,922 and the amount recognized in equity is TL (13,815).

(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	**-**	**1,019,733**	**-**	**878,143**
Corporates	-	1,019,733	-	878,143
Individuals	-	-	-	-
Indirect Lendings to Shareholders	**163,972**	**275,922**	**157,227**	**46,804**
Loans to Employees	**487,329**	**32**	**475,934**	**30**
Total	**651,301**	**1,295,687**	**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**		
		Non-restructured	**Restructured**	
Cash Loans (*)(**)			**Revised Contract Terms**	**Refinanced**
Loans	**291,621,371**	**41,817,503**	**12,306,170**	**9,876,842**
Working Capital Loans	56,039,383	7,259,805	1,052,306	3,151,693
Export Loans	27,518,853	760,839	91,762	196,801
Import Loans	873,597	-	-	-
Loans to Financial Sector	12,167,075	114,207	-	-
Consumer Loans	60,494,491	15,154,116	2,987,916	85,364
Credit Cards	31,158,230	4,412,467	442,403	-
Others	103,369,742	14,116,069	7,731,783	6,442,984
Specialization Loans	-	-	-	-
Other Receivables	**9,164,593**	**800,513**	**345,663**	**22,481**
Total	**300,785,964**	**42,618,016**	**12,651,833**	**9,899,323**

(*) Non-performing loans are not included.

(**) As of 31 March 2021, based on the resolution of the BRSA dated 8 December 2020 and numbered 9312; valid until 30 June 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 209,055 (31 December 2020: TL 176,155).

Prior Period	**Performing Loans**	**Loans under Follow-up**		
		Non-restructured	**Restructured**	
Cash Loans (*)			**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)	108,083,332	98,345,962	78,441,556	6,734,588	1,594,068	4,530,190	2,416,217	640,051	190,535,173	110,250,791
Loans under Follow-up (Stage 2)	12,167,866	29,878,295	20,848,043	1,106,313	173,566	990,187	4,902	-	33,194,377	31,974,795
Total Stage 1 and 2 Loans	**120,251,198**	**128,224,257**	**99,289,599**	**7,840,901**	**1,767,634**	**5,520,377**	**2,421,119**	**640,051**	**223,729,550**	**142,225,586**
Expected Credit losses-Stage 1-2 (-)	2,878,279	7,168,609	1,960,054	122,077	49,762	183,620	9,788	491	4,897,883	7,474,797
Total Non-performing Loans	5,315,881	7,805,716	2,379,345	307,940	198,709	578,571	77,872	15,064	7,971,807	8,707,291
Expected Credit losses-Stage 3 (-)	4,134,857	4,446,840	1,598,472	227,178	144,256	312,805	64,364	15,064	5,941,949	5,001,887

(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)	2,227,966	-	2,189,211	-
Significant Increase in Credit Risk (Stage 2)	-	10,144,714	-	8,564,468

As of 31 March 2021, loans amounting to TL 3,584,409 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	532,831	89,708	-	622,539
Loans Collateralized by Mortgages / Shares/ KGF Sureties	19,587,886	4,085,988	-	23,673,874
Loans Collateralized by Pledged Assets	6,792,593	312,806	-	7,105,399
Loans Collateralized by Cheques and Notes	109,924	7,885	-	117,809
Loans Collateralized by Other Collaterals	11,383,886	12,942,817	-	24,326,703
Unsecured Loans	3,679,786	788,192	4,854,870	9,322,848
Total	**42,086,906**	**18,227,396**	**4,854,870**	**65,169,172**

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	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	274,645	679,778	137,734	1,092,157
61-90 days	477,895	337,295	80,521	895,711
Other	41,334,366	17,210,323	4,636,615	63,181,304
Total	**42,086,906**	**18,227,396**	**4,854,870**	**65,169,172**

(*) As of 31 March 2021, based on the resolution of the BRSA dated 8 December 2020 and numbered 9312; valid until 30 June 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 2,028,837 (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	**1,725,803**	**66,254,935**	**67,980,738**
Housing Loans	22,198	22,337,216	22,359,414
Automobile Loans	304,609	2,449,609	2,754,218
General Purpose Loans	1,398,996	41,468,110	42,867,106
Others	-	-	-
Consumer Loans – FC-indexed	**-**	**147,298**	**147,298**
Housing Loans	-	147,298	147,298
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**1,210,849**	**6,002,591**	**7,213,440**
Housing Loans	237,867	3,829,194	4,067,061
Automobile Loans	-	16,015	16,015
General Purpose Loans	411,690	1,397,488	1,809,178
Others	561,292	759,894	1,321,186
Retail Credit Cards – TL	**27,465,563**	**256,213**	**27,721,776**
With Installment	12,524,333	256,213	12,780,546
Without Installment	14,941,230	-	14,941,230
Retail Credit Cards – FC	**375,735**	**5,830**	**381,565**
With Installment	-	-	-
Without Installment	375,735	5,830	381,565
Personnel Loans – TL	**31,764**	**179,775**	**211,539**
Housing Loan	-	661	661
Automobile Loans	-	16	16
General Purpose Loans	31,764	179,098	210,862
Others	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**11,009**	**87,337**	**98,346**
Housing Loans	3,654	42,797	46,451
Automobile Loans	-	-	-
General Purpose Loans	6,180	32,753	38,933
Others	1,175	11,787	12,962
Personnel Credit Cards – TL	**157,238**	**484**	**157,722**
With Installment	55,726	484	56,210
Without Installment	101,512	-	101,512
Personnel Credit Cards – FC	**5,677**	**59**	**5,736**
With Installment	-	-	-
Without Installment	5,677	59	5,736
Deposit Accounts– TL (Real Persons)	**3,056,540**	**-**	**3,056,540**
Deposit Accounts– TL (Personnel)	**13,986**	**-**	**13,986**
Deposit Accounts– FC (Real Persons)	**-**	**-**	**-**
Total	**34,054,164**	**72,934,522**	**106,988,686**

(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	**1,161,238**	**11,843,825**	**13,005,063**
Real Estate Loans	2,110	764,247	766,357
Automobile Loans	328,645	4,511,398	4,840,043
General Purpose Loans	830,483	6,568,180	7,398,663
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**272,988**	**272,988**
Real Estate Loans	-	46,336	46,336
Automobile Loans	-	37,979	37,979
General Purpose Loans	-	188,673	188,673
Others	-	-	-
Installment-based Commercial Loans – FC	**3,402,002**	**4,565,391**	**7,967,393**
Real Estate Loans	3,398,903	4,277,315	7,676,218
Automobile Loans	3,099	199,063	202,162
General Purpose Loans	-	89,013	89,013
Others	-	-	-
Corporate Credit Cards – TL	**7,470,236**	**250,785**	**7,721,021**
With Installment	3,453,477	250,785	3,704,262
Without Installment	4,016,759	-	4,016,759
Corporate Credit Cards – FC	**25,280**	**-**	**25,280**
With Installment	-	-	-
Without Installment	25,280	-	25,280
Deposit Accounts– TL (Corporates)	**2,369,137**	**-**	**2,369,137**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**14,427,893**	**16,932,989**	**31,360,882**

(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	329,565,105	311,297,812
Foreign Loans	36,390,031	33,252,282
Total	**365,955,136**	**344,550,094**

(*) Non-performing loans are not included.

5.1.5.8 *Loans to associates and subsidiaries*

	Current Period	*Prior Period*
Direct Lending	752,363	722,522
Indirect Lending	-	-
Total	**752,363**	**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	427,706	383,555
Doubtful Loans	598,255	507,631
Uncollectible Loans	9,917,875	9,323,898
Total	**10,943,836**	**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)	246,148	387,925	3,455,950
Restructured Loans and Receivables	246,148	387,925	3,455,950
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 (+)	83,143	484,300	36,898
Transfer from Other NPL Categories (+)	48,806	108,199	394,035
Transfer to Other NPL Categories (-)	107,960	398,878	44,202
Collections during the Period (-)	66,527	90,943	634,064
Write down /Write-offs (-)	59	-	89,087
Debt Sale (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Foreign Currency Differences	54,332	12,912	769,881
Balances at End of Period	**774,140**	**1,085,390**	**14,819,568**
Provisions (-)	427,706	598,255	9,917,875
Net Balance on Balance Sheet	**346,434**	**487,135**	**4,901,693**

(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**

(*) Consists of sale of non-performing loans.
(**) As of 31 December 2020, the non-performing loan ratio of the Group decreased from 5.71% to 4.47% after the loans were written-off in accordance with the amendment on the relevant Provisions Regulation.

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	**731,928**	**277,771**	**8,526,783**
Provisions (-)	404,640	179,880	5,093,777
Net Balance at Balance Sheet	**327,288**	**97,891**	**3,433,006**
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)	**346,434**	**487,135**	**4,901,693**
Loans to Individuals and Corporates (Gross)	740,793	1,071,415	14,784,644
Provision (-)	417,843	590,867	9,886,397
Loans to Individuals and Corporates (Net)	322,950	480,548	4,898,247
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	33,347	13,975	34,924
Provision (-)	9,863	7,388	31,478
Other Loans and Receivables (Net)	23,484	6,587	3,446
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)	**3,778**	**44,669**	**228,627**
Interest accruals and valuation differences	9,120	88,891	681,167
Provision (-)	5,342	44,222	452,540
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	16,647	212	-	16,859
Loans Collateralized by Mortgages	8,279,866	208,613	-	8,488,479
Loans Collateralized by Pledged Assets	1,755,271	36,753	-	1,792,024
Loans Collateralized by Cheques and Notes	141,430	3,047	-	144,477
Loans Collateralized by Other Collaterals	1,589,433	1,592,819	-	3,182,252
Unsecured Loans	1,953,425	277,993	823,589	3,055,007
Total	**13,736,072**	**2,119,437**	**823,589**	**16,679,098**

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 (+)	859,207	2,496,401	524,613	3,880,221
Disposal (-)	(1,160,637)	(932,654)	(379,146)	(2,472,437)
Debt Sale (-)	-	-	-	-
Write-offs (-)	-	-	(88,998)	(88,998)
Transfer to Stage1	468,063	(464,488)	(3,575)	-
Transfer to Stage 2	(179,567)	191,970	(12,403)	-
Transfer to Stage 3	(887)	(214,008)	214,895	-
Foreign Currency Differences	52,576	503,025	473,366	1,028,967
Balances at End of Period	**2,227,966**	**10,144,714**	**10,943,836**	**23,316,516**

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	3,339,140	2,897,280	3,024,586	2,626,412
Between 1-5 Years	4,645,594	4,212,670	4,345,357	3,950,201
Longer than 5 Years	186,802	178,061	183,390	174,857
Total	**8,171,536**	**7,288,011**	**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	8,171,536	7,553,333
Unearned Income on Financial Lease Receivables (-)	(883,525)	(801,863)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	**7,288,011**	**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, if yes, which conditions will be applied. At this stage, collateral such as bank guarantees, mortgages, asset pledges, promissory notes or the 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, 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	9,435,628	4,524,565	11,311,663	3,922,607
Investments subject to Repurchase Agreements	7,573,229	734,256	74,625	-
Total	**17,008,857**	**5,258,821**	**11,386,288**	**3,922,607**

5.1.8.2 Government securities measured at amortised cost

	Current Period	*Prior Period*
Government Bonds	34,068,961	33,077,018
Treasury Bills	87,385	95,253
Other Government Securities	-	-
Total	**34,156,346**	**33,172,271**

5.1.8.3 Financial assets measured at amortised cost

	Current Period	*Prior Period*
Debt Securities	**28,472,247**	**27,673,452**
Quoted at Stock Exchange	28,324,985	27,615,408
Unquoted at Stock Exchange	147,262	58,044
Valuation Increase / (Decrease)	**5,753,411**	**5,565,459**
Total	**34,225,658**	**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	1,191,024	1,895,313
Purchases during the Period	212,368	7,310,245
Disposals through Sales/Redemptions	(604,597)	(3,251,006)
Valuation Effect	187,952	(435,983)
Balances at End of Period	**34,225,658**	**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 (+)	2,256	-	-	2,256
Disposal (-)	(48,197)	-	-	(48,197)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	5,257	-	-	5,257
Balances at End of Period	**126,599**	**-**	**-**	**126,599**

(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 Stage1	-	-	-	-
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	50,684	175,246
Disposals (Cost)	(198,641)	(434,371)
Disposals (Accumulated Depreciation)	1,124	491
Reversal of Impairment / Impairment Losses	11,569	23,890
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	827	7,439
Cost	**807,874**	**943,435**
Accumulated Depreciation (-)	**(10,558)**	**(11,682)**
Net Book Value	**797,316**	**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 (1)	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 (1)	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 (1)	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ (1)	Ankara/ Turkey	1.49	1.49
9	JCR Avrasya Derecelendirme A.Ş. (1)	İstanbul/Turkey	2.86	2.86
10	Birleşik İpotek Finansmanı A.Ş. (1)	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	19,886	10,511	4,845	679	10	657	1,271	-
2	292,614	234,941	95,641	11,857	-	53,042	26,624	-
3	1,494,905	175,496	12,627	10,430	1,624	44,209	16,588	-
4	25,388,236	2,562,447	117,204	399,171	116,760	539,374	612,346	-
5	27,906,549	4,570,511	604,597	125,954	-	1,242,390	794,074	-
6	493,445	292,956	295,151	9,516	325	76,416	22,180	-
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 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	1,329,275	3,730,414	357,848	517,159	13,750
Share Premium	-	125,582	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,104,707	314,189	792,783	291,383	798,171
Other Comprehensive Income according to TAS	3,405,665	178,367	-	388	-
Current and Prior Periods’ Profits	48,008	66,168	45,179	170,839	201,046
Minority interest	-	-	-	-	39,974
Common Equity Tier I Capital Before Deductions	**5,887,655**	**4,414,720**	**1,195,810**	**979,769**	**1,052,941**
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	17,032	1,166,391	1,175	2,189	851
Leasehold Improvements on Operational Leases (-)	-	834	-	1,021	2,262
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	57,541	519,749	16,323	39,997	4,138
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	**74,573**	**1,686,974**	**17,498**	**43,207**	**7,251**
Total Common Equity Tier I Capital	**5,813,082**	**2,727,746**	**1,178,312**	**936,562**	**1,045,690**
Total Deductions From Tier I Capital	**-**	**-**	**-**	**-**	**-**
Total Tier I Capital	**5,813,082**	**2,727,746**	**1,178,312**	**936,562**	**1,045,690**
TIER II CAPITAL	**-**	**96,901**	**-**	**-**	**-**
TOTAL CAPITAL	**5,813,082**	**2,824,647**	**1,178,312**	**936,562**	**1,045,690**

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	128,204	119,821	30	5,288	-	4,156	2,323	-	-
2	50,483	24,499	442	1,121	-	3,674	(675)	-	-
3	3,990	1,766	977	-	-	16	19	-	-
4	6,369	5,217	-	204	-	247	8	-	-
5	11,655	9,580	11,652	-	-	(4)	(2)	-	-
6	2,834,276	555,027	2,595,089	1,549	-	141,689	80,194	-	-
7	6,214	5,318	-	-	-	502	405	-	-

(*) 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	**795,301**	**2,822,877**
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	382,110
Dividends from Current Year Profit	540,827	1,323,028
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	(287,989)	(907,974)
Currency Differences on Foreign Subsidiaries	542,463	2,025,713
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balances at End of Period	**12,067,019**	**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 (*)	12,067,019	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	5,848,281	5,424,808
Insurance Companies	829,500	954,245
Factoring Companies	198,469	174,760
Leasing Companies	1,202,167	1,146,060
Finance Companies	3,988,602	3,571,845
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	*Prior Period*
Quoted at Domestic Stock Exchanges	201,761	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	6,426,171	1,202,175	21,787	125,045	-	45,179	35,801	-
2	3,207,407	242,544	15,212	127,130	1,025	28,954	6,338	-
3	1,731,880	1,014,534	30,762	17,456	3,508	200,102	106,152	-
4	243,469	215,035	1,199	4,617	1,851	15,311	12,846	-
5	3,118,796	977,581	47,346	78,777	13,095	170,839	113,501	-
6	35,571,797	5,864,238	365,877	169,535	2,747	48,008	15,478	-
7	3,295,166	3,292,413	-	-	-	(80)	(157)	-
8	3,165,639	2,664,074	-	13	-	(7,463)	(5,548)	-
9	21,525,251	3,250,168	696,643	167,582	26,803	65,340	42,868	-
10	1,559,616	295,597	9,928	20,450	-	6,353	4,234	-
11	1,113,463	189,232	21,861	18,475	-	1,862	6,967	-
12	44,843	41,463	910	480	1,551	574	(931)	91,200

(**) 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	-	(81,929)
Transfers	-	14,471
Fair Value Change	-	58,823
Net Currency Translation Differences on Foreign Subsidiaries	-	-
Net Book Value at End of Period	**561,525**	**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 31 March 2021, on a consolidated basis the Bank has a deferred tax asset of TL 3,343,210 (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 31 March 2021, deferred tax assets of TL 4,785,698 (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 1,442,488 (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	3,544,206	708,841	-	-
Provisions (*)	4,761,061	942,997	4,292,575	809,652
Stages 1&2 Credit Losses	13,034,309	2,605,486	12,109,861	2,422,529
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	(4,451,450)	(804,389)	2,536,313	583,325
Revaluation Differences on Real Estates	(2,396,625)	(296,425)	(2,398,994)	(296,636)
Other	906,606	186,700	592,055	121,533
Deferred Tax Asset	**15,398,107**	**3,343,210**	**17,131,810**	**3,640,403**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.
(**) Calculations are performed at the relevant tax rates applicable in the country of the foreign branches and subsidiaries' financial assets.

As of 31 March 2021, TL 487,751 (31 March 2020: TL 325,926 of deferred tax income) of deferred tax expense and TL 189,614 (31 March 2020: TL 227,881 of deferred tax income) of deferred tax income were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Other Assets

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Derivative Assets (Derivative Guarantees)	641,285	3,585,361	588,354	3,306,391
Receivables From Clearing Transactions	4,379,696	31,257	4,473,668	24,134
Prepaid Expenses	2,357,336	65,735	2,121,400	49,363
Cash Guarantees Given	392,241	324,596	280,539	374,522
Receivables From Forward Sale of Assets	105,137	-	1,137	147,246
Other	450,763	369,008	437,462	337,802
Total	**8,326,458**	**4,375,957**	**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	**23,526,354**	**-**	**4,244,958**	**57,982,351**	**3,714,886**	**1,267,018**	**2,763,719**	**1,604**	**93,500,890**
Foreign Currency Deposits	**101,596,463**	**-**	**13,474,438**	**68,407,003**	**5,764,539**	**7,498,834**	**7,518,088**	**36,895**	**204,296,260**
Residents in Turkey	80,061,732	-	10,140,163	62,445,598	2,655,915	1,797,575	1,825,718	36,207	158,962,908
Residents in Abroad	21,534,731	-	3,334,275	5,961,405	3,108,624	5,701,259	5,692,370	688	45,333,352
Public Sector Deposits	**1,722,984**	**-**	**2,396**	**25,268**	**195**	**10**	**-**	**-**	**1,750,853**
Commercial Deposits	**13,923,703**	**-**	**12,891,490**	**10,874,897**	**686,946**	**601,982**	**1,019,172**	**-**	**39,998,190**
Others	**412,989**	**-**	**405,862**	**858,480**	**45,811**	**1,416,097**	**4,863,269**	**-**	**8,002,508**
Precious Metal Deposits	**20,689,579**	**-**	**-**	**137,322**	**295,813**	**35,717**	**621,403**	**-**	**21,779,834**
Bank Deposits	**1,755,850**	**-**	**732,469**	**45,816**	**-**	**-**	**3,887**	**-**	**2,538,022**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	6,933	-	90,046	-	-	-	-	-	96,979
Foreign Banks	1,008,621	-	642,423	45,816	-	-	3,887	-	1,700,747
Special Financial Institutions	740,296	-	-	-	-	-	-	-	740,296
Others	-	-	-	-	-	-	-	-	-
Total	**163,627,922**	**-**	**31,751,613**	**138,331,137**	**10,508,190**	**10,819,658**	**16,789,538**	**38,499**	**371,866,557**

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	43,390,626	41,100,178	49,282,330	42,087,999
Foreign Currency Saving Deposits	46,110,659	46,222,647	95,635,554	88,027,097
Other Saving Deposits	9,908,360	10,285,722	10,178,866	10,189,152
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,498,791	1,427,705	451	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	22,305	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	175,370	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	669,365	1,490,533	674,365	1,288,090
Domestic Banks and Institutions	1,571,548	3,392,422	1,345,613	2,371,039
Foreign Banks, Institutions and Funds	193,887	21,803,463	213,574	20,727,502
Total	**2,434,800**	**26,686,418**	**2,233,552**	**24,386,631**

5.2.2.1 Maturities of funds borrowed

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Short-Term	2,103,473	4,129,801	2,008,035	3,505,464
Medium and Long-Term	331,327	22,556,617	225,517	20,881,167
Total	**2,434,800**	**26,686,418**	**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	**7,694,421**	**-**	**117,688**	**-**
Financial Institutions and Organizations	7,641,405	-	29,847	-
Other Institutions and Organizations	31,345	-	43,103	-
Individuals	21,671	-	44,738	-
Foreign Transactions	**100**	**4,343,522**	**881**	**2,065,661**
Financial Institutions and Organizations	-	4,343,522	-	2,065,661
Other Institutions and Organizations	-	-	850	-
Individuals	100	-	31	-
Total	**7,694,521**	**4,343,522**	**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	1,753,639	2,025,622	-	19,443,727
Cost	1,783,385	2,015,573	-	19,341,408
Carrying Value (*)	1,813,851	1,243,109	-	18,002,125

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 1,118,829 and foreign currency securities with a total face value of USD 216,444,941 (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	-	16,750,090	-	16,137,939
Total	**-**	**16,750,090**	**-**	**16,137,939**

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,278,622,024 (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 31 March 2021, the accumulated fair value change of the related financial liability amounted to TL 2,208,681 (31 December 2020: TL 1,265,467) and the corresponding gain/loss recognised in the statement of loss amounted to TL 943,214 (31 March 2020: TL 2,171,731). The carrying value of the related financial liability amounted to TL 16,750,090 (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	371,685	27,048	145,739	14,697
Swap Transactions	1,310,627	3,897,848	4,058,363	3,337,870
Futures	-	97	28	-
Options	92,913	36,636	44,774	33,686
Others	-	932	-	1,114
Total	**1,775,225**	**3,962,561**	**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	-	385,951	1,623	493,635
Cash Flow Hedges	88,148	297,203	132,029	273,332
Net Foreign Investment Hedges	-	-	-	-
Total	**88,148**	**683,154**	**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	280,742	209,254	268,143	200,977
Between 1-5 Years	691,179	506,985	722,382	533,480
Longer than 5 Years	352,428	243,912	419,578	291,910
Total	**1,324,349**	**960,151**	**1,410,103**	**1,026,367**

As of 31 March 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 15.2%, 1.7%, 7.0% and 5.2% (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	41,968	144,791
Actuarial Gain/Loss	-	120,886
Payments During the Period	(18,171)	(56,456)
Balances at End of Period	**791,303**	**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	1,461,561	1,453,532
Insurance Technical Provisions, Net	902,175	829,112
Provision for Promotion Expenses of Credit Cards	252,822	233,515
Provision for Lawsuits	339,775	316,873
Provision for Non-Cash Loans	2,214,367	2,151,889
Other Provisions(*)	5,145,234	5,050,650
Total	**10,315,934**	**10,035,571**

(*) Includes total general reserve of TL 4,800,000 (31 December 2020: 4,650,000) consisting of TL 150,000 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 follow:

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 31 March 2021, the corporate tax liability amounts to TL 136,180 (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	136,180	1,845,890
Taxation on Securities Income	139,490	102,988
Taxation on Real Estates Income	2,356	8,665
Banking Insurance Transaction Tax	205,764	196,794
Foreign Exchange Transaction Tax	18,223	19,230
Value Added Tax Payable	14,554	13,494
Others	148,629	90,120
Total	**665,196**	**2,277,181**

5.2.10.1.3 Premiums payable

	Current Period	***Prior Period***
Social Security Premiums-Employees	6,906	6,310
Social Security Premiums-Employer	4,010	4,682
Bank Pension Fund Premium-Employees	370	345
Bank Pension Fund Premium-Employer	568	532
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	2,201	2,069
Unemployment Insurance-Employer	4,101	5,155
Others	85	73
Total	**18,241**	**19,166**

5.2.10.2 Deferred tax liability

As of 31 March 2021, the deferred tax liability amounts to TL 49,807 (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	14,478,104	125,614	13,340,047	93,086
Payables from clearing transactions	3,656,277	34,203	3,534,101	23,089
Other	2,937,853	5,821,668	1,985,408	4,145,343
Total	**21,072,234**	**5,981,485**	**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	**154,954**	**(342,535)**	**183,445**	**117,029**
Valuation Difference	137,215	(342,535)	190,085	117,029
Exchange Rate Difference	17,739	-	(6,640)	-
Total	**154,954**	**(342,535)**	**183,445**	**117,029**

5.2.14.9 Revaluation surplus

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Movables	106,873	9,068	52,120	14,759
Real Estates	1,844,555	106,153	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	**1,648,684**	**115,221**	**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	1,173,660	1,126,710
II. Legal Reserve	548,644	507,264
Special Reserves	-	-
Total	**1,722,304**	**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	50,053,174	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	31,645	80,073
Prior Period Dividend Payment	(46,769)	(106,518)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(1,066)	214
Balance at End of Period	**231,489**	**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 35,303,812 (31 December 2020: TL 27,918,231), commitments for cheque payments of TL 3,867,435 (31 December 2020: TL 3,174,209) and commitments for credit card limits of TL 50,621,485 (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	37,590,147	33,857,845
Letters of Guarantee in TL	33,508,043	31,475,024
Letters of Credit	16,673,074	13,163,222
Bills of Exchange and Acceptances	2,375,393	2,173,451
Prefinancings	-	-
Other Guarantees	124,631	125,852
Total	**90,271,288**	**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 (+)	193,256	128,798	8,644	330,698
Disposal (-)	(240,289)	(136,237)	(13,970)	(390,496)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	52,000	(51,723)	(277)	-
Transfer to Stage 2	(12,327)	12,429	(102)	-
Transfer to Stage 3	(66)	(3,675)	3,741	-
Foreign Currency Differences	17,610	43,480	61,186	122,276
Balances at End of Period	**514,176**	**827,820**	**872,371**	**2,214,367**

	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 872,371 (31 December 2020: TL 813,149) is made for unliquidated non-cash loans of TL 1,543,877 (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	15,185,356	14,143,550
With Original Maturity of 1 Year or Less	*2,866,040*	*2,272,692*
With Original Maturity of More Than 1 Year	*12,319,316*	*11,870,858*
Other Non-Cash Loans	75,085,932	66,651,844
Total	**90,271,288**	**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	2,997,121	116,730	1,673,116	115,648
Medium and long-term loans	4,596,722	1,461,875	4,161,679	1,483,341
Loans under follow-up	174,843	40,514	168,950	38,298
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**7,768,686**	**1,619,119**	**6,003,745**	**1,637,287**

(*) 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	27,784	14,896	31,769	9,307
Foreign Banks	1,326	12,553	432	43,366
Foreign Head Offices and Branches	-	-	-	-
Total	**29,110**	**27,449**	**32,493**	**52,673**

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	19,199	11,563	24,128	3,840
Financial Assets Measured at Fair Value through Other Comprehensive Income	781,870	125,207	517,418	113,626
Financial Assets Measured at Amortised Cost	757,087	130,748	666,952	59,428
Total	**1,558,156**	**267,518**	**1,208,498**	**176,894**

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. As of 31 March 2021, the valuation of such securities was made according to annual inflation rate which was taken as 13%. If the valuation of such securities was performed according to the reference index valid as of 31 March 2021, the parent bank's securities value decrease fund under the equity would decrease by TL 218,958 (net), whereas the interest income on securities portfolio would increase by TL 598,394.

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	*Prior Period*
Interest Received from Investments in Associates and Subsidiaries	23,119	3,971

(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	82,390	144,419	70,826	262,566
Central Bank of Turkey	32,613	578	-	1,618
Domestic Banks	39,765	33,745	27,438	15,434
Foreign Banks	10,012	110,096	43,388	245,514
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	33,794	-	231,214
Total	**82,390**	**178,213**	**70,826**	**493,780**

(*) 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	7,930	3,084

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	3,815	15,440	-	-	-	-	-	19,255
Saving Deposits	1,054	102,418	2,218,941	46,062	21,887	63,403	-	2,453,765
Public Sector Deposits	-	1,835	1,362	6	-	-	-	3,203
Commercial Deposits	50	490,270	554,433	19,068	33,627	35,053	-	1,132,501
Others	-	19,713	69,196	866	10,336	135,744	-	235,855
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	**4,919**	**629,676**	**2,843,932**	**66,002**	**65,850**	**234,200**	**-**	**3,844,579**
Foreign Currency								
Foreign Currency Deposits	542	21,271	92,702	16,570	14,939	20,611	46	166,681
Bank Deposits	(12)	54	330	936	2,153	1,225	-	4,686
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	3	177	-	180
Total FC	**530**	**21,325**	**93,032**	**17,506**	**17,095**	**22,013**	**46**	**171,547**
Grand Total	**5,449**	**651,001**	**2,936,964**	**83,508**	**82,945**	**256,213**	**46**	**4,016,126**

(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	332	12,004	-	-	-	-	-	12,336
Saving Deposits	515	60,607	1,183,307	11,103	10,086	56,010	-	1,321,628
Public Sector Deposits	-	5,753	908	-	-	1	-	6,662
Commercial Deposits	19	164,018	262,355	3,283	2,051	37,335	-	469,061
Others	-	3,512	16,198	731	6,495	115,369	-	142,305
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**866**	**245,894**	**1,462,768**	**15,117**	**18,632**	**208,715**	**-**	**1,951,992**
Foreign Currency								
Foreign Currency Deposits	2,710	26,609	155,758	13,195	23,842	42,547	106	264,767
Bank Deposits	(47)	332	980	4,429	5,027	(5,666)	-	5,055
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	29	80	117	2,648	-	2,874
Total FC	**2,663**	**26,941**	**156,767**	**17,704**	**28,986**	**39,529**	**106**	**272,696**
Grand Total	**3,529**	**272,835**	**1,619,535**	**32,821**	**47,618**	**248,244**	**106**	**2,224,688**

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	**66,989,777**	**37,581,980**
Trading Account Income	2,657,202	3,059,379
Derivative Financial Instruments	12,982,777	7,023,938
Foreign Exchange Gain	51,349,798	27,498,663
Losses (-)	**66,743,406**	**36,764,391**
Trading Account Losses	1,532,059	1,012,488
Derivative Financial Instruments	8,165,622	8,917,801
Foreign Exchange Losses	57,045,725	26,834,102
Total	**246,371**	**817,589**

TL 2,167,751 (31 March 2020: TL 1,558,237) of foreign exchange gains and TL 9,863,746 (31 March 2020: TL 2,418,149) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

The Bank 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 Bank applied fair value hedge accounting for the fixed rate eurobonds issued in 2011 with a total face value of USD 500,000,000 maturity of 10 years and maturity date of 20 April 2021 which were priced at 6.375% originally and had a coupon rate of 6.25%, by designating interest rate swaps with the same face values and terms. In June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TFRS 9.

The Bank also 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 11,974,054 and EUR 18,421,064 and securitization borrowings amounting to EUR 30,252,623 by designating cross currency swaps with the same face values and terms and securitizations amounting to USD 360,914,634 and EUR 22,500,000 and deposits amounting to TL 1,690,000, USD 710,000,000 and forward EUR 480,000,000 by designating interest rate swaps with the same face values. Accordingly, in the current period, gain of TL 20,093 (31 March 2020: gain of TL 19,381) and loss of TL (33,367) (31 March 2020: loss of TL (557,232 TL)) resulting from cross currency and interest rate swap were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of USD 4,819,651 and EUR 42,514,242, 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 8,044 (31 March 2020: gain of TL 169,562) and TL 280,004 (31 March 2020: gain of TL 471,210) 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 66,957,020 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 31 March 2021, TL 32,996 (31 March 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 50,961,613 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 31 March 2021, TL (25,114) (31 March 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 31 March 2021, TL 6,378 (31 March 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 919 (31 March 2020: a loss of TL 674) 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 USD 25,000,000 and 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 18,352 (31 March 2020: loss of TL 6,657). 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 8,732 (31 March 2020: a loss of TL 10,251) 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 360,252,073 sell and EUR 38,235,515 buy, HUF 3,220,952,778 sell and EUR 8,868,767 buy, RON 5,833,331 sell and EUR 1,144,750 buy, USD 9,567,866 sell and EUR 8,000,000 buy. Accordingly, in the current period, a gain of TL 219 (31 March 2020: a loss of TL 6,503) resulting from currency derivative contracts were recognized under shareholder's equity.

(Thousands of Turkish Lira (TL))

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 1,464 (31 March 2020: a loss of TL 5,712) resulting from interest rate swap agreements and a loss of TL 8,309 (31 March 2020: a gain of TL 14,546) from currency derivative contracts were recognized under shareholder's equity.

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	**3,068,087**	**2,028,204**
Stage 1	1,531,808	832,955
Stage 2	985,824	463,103
Stage 3	484,280	652,930
Others	66,175	79,216
Income from term sale of assets	**84,438**	**10,819**
Others (*)	**469,530**	**416,817**
Total	**3,622,055**	**2,455,840**

(*) Premium income from insurance business amounting to TL 365,943 (31 March 2020: TL 391,203) 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	**5,315,894**	**5,037,774**
12-Month ECL (Stage 1)	*1,125,869*	*1,330,499*
Significant Increase in Credit Risk (Stage 2)	*2,939,902*	*1,924,556*
Impaired Credits (Stage 3)	*1,250,123*	*1,782,719*
Other Provisions	**974,854**	**739,063**
Impairment Losses on Securities	38,930	13,617
Financial Assets Measured at Fair Value through Profit or Loss	*30,649*	*12,190*
Financial Assets Measured at Fair Value through Other Comprehensive Income	*8,281*	*1,427*
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	293,366
Associates	-	*293,366*
Subsidiaries	-	-
Joint-ventures (business partnership)	-	-
Others	935,924	432,080
Total	**6,290,748**	**5,776,837**

5.4.7 Other operating expenses

	Current Period	*Prior Period*
Reserve for Employee Termination Benefits	41,051	29,365
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	14	-
Depreciation Expenses of Tangible Assets	107,604	95,386
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	42,703	37,038
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Right-of-use Assets	75,329	87,578
Impairment Losses on Assets Held for Sale and Discontinued Assets	145	560
Other Operating Expenses	1,251,239	1,090,182
Operational Lease related Expenses (*)	*51,833*	*38,027*
Repair and maintenance expenses	*26,662*	*19,692*
Advertisement expenses	*31,967*	*42,216*
Other expenses	*1,140,777*	*990,247*
Loss on Sale of Assets	2,035	861
Others (**)	538,346	525,939
Total	**2,058,466**	**1,866,909**

(*) Includes lease related expenses out of the scope of TFRS 16.
(**) Includes saving-deposits-insurance-fund related expenses of TL 180,225 (31 March 2020: TL 148,762) and insurance-business claim losses of TL 120,037 (31 March 2020: TL 163,941) 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

As of 31 March 2021, on a consolidated basis, the Bank recorded a current tax expense of TL 181,397 (31 March 2020: TL 847,373) and a deferred tax expense of TL 487,751 (31 March 2020: TL 325,926 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 (+)	(1,161,267)	(585,654)
Decrease in Tax Deductible Timing Differences (-)	472,034	36,455
Increase in Taxable Timing Differences (-)	1,199,163	279,251
Decrease in Taxable Timing Differences (+)	(22,179)	(55,978)
Total	**487,751**	**(325,926)**

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)	1,417	(547,546)
(Increase)/Decrease in Taxable Timing Differences (net)	1,176,984	223,273
(Increase)/Decrease in Tax Losses (net)	(690,650)	(1,653)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	**487,751**	**(325,926)**

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	31,645	17,417

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	819,764	12,966	560,403	1,240,868	168,741	220,540
Interest and Commission Income	**23,663**	**-**	**8,991**	**-**	**3,949**	**47**

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	**4,358**	**7**	**5,782**	**-**	**528**	**41**

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	205,916	347,975	70,860	70,153	184,566	441,807
Interest Expenses	**7,930**	**3,084**	**25**	**57**	**3,466**	**829**

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	340,824	572,425	19,614,100	30,964,751	-	-
Total Profit/(Loss)	**(231)**	**(24)**	**136,022**	**(196,093)**	**-**	**-**
Transactions for Hedging						
Balance at beginning of period	-	-	565,120	643,552	-	-
Balance at end of period	-	-	559,786	565,120	-	-
Total Profit/(Loss)	**-**	**-**	**(467)**	**(143)**	**-**	**-**

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 916,335 (31 December 2020: TL 879,749) compose 0.25% (31 December 2020: 0.25%) of the Bank's total consolidated cash loans and 0.16% (31 December 2020: 0.16%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 1,548,908 (31 December 2020: TL 1,613,063) compose 0.27% (31 December 2020: 0.30%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,474,374 (31 December 2020: TL 957,567) compose 1.63% (31 December 2020: 1.19%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 461,342 (31 December 2020: TL 859,935) compose 0.12% (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 arms-length basis.

A total rent income of TL 1,461 (31 March 2020: TL 1,317) was recognized for the real estates rented to the related parties.

Other income of TL 1,969 (31 March 2020: TL 2,526) for the IT services rendered and banking services fee income of TL 5,594 (31 March 2020: TL 5,379) were recognized from the related parties.

Operating expenses of TL 25,105 (31 March 2020: TL 15,564) 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 30,462 as of 31 March 2021 (31 March 2020: TL 31,913).

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

None.

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 *(February 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 *(February 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 *(February 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.

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial subsidiaries as of 31 March 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 April 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 31 March 2021. Based on the consolidated financials, the Bank's **net income** in the first 3 months of the year recorded as TL 2 billion 544 million 331 thousand. **Asset size** realized at TL 568 billion 834 million 636 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 445 billion 877 million 243 thousand. Actively managing the funding base, deposits continued to be the main funding source; 65% of assets are funded via deposits.

Deposit base reached to TL 371 billion 866 million 557 thousand with 4% growth in the first 3 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 15.8%*. The Bank delivered an **ROAE** (Return on Average Equity) of 16.7%** and an **ROAA** (Return on Average Assets) of 1.9%**.

**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 "Even though more than a year has passed since the start of the global pandemic, its effects are still felt strongly in all of the countries around the world. Normalization seems to be speeding up in the countries with high vaccination rates. As of the third week of April, Turkey, which is among the countries that are managing this process well, is 9th in the world in the rate of vaccination of at least one dose. In the upcoming periods, with the new vaccine supply agreements, normalization process is expected to gain further momentum in our country.

In terms of economic indicators, Turkey continued to separate itself positively from the other countries in the first quarter of this year, just like it did in last year. Leading indicators point out a growth rate of more than 5% in the first quarter of 2021. In line with the global normalization, we expect an increase in export contributions, which in turn will undoubtedly support the economic growth path.

Even in the challenging times we left behind, with the impact of the pandemic, we, as Garanti BBVA, sustained our strong financial performance with our prudent and dynamic balance sheet management. We further improved our profitability and asset quality indicators over the previous year, without compromising our strong capital structure. And we maintained our pioneer status in the banking sector, not only with our financial results, but also with our investments made in the area of sustainability. The ongoing global pandemic seems to be the first "sustainability" crisis of the 21st century. This, in turn reminds us once more, the significant roles the institutions may play in and for a sustainable world. Being conscious of this responsibility, Garanti BBVA reached 51 billion TL in its impact-oriented investments, including social investments.

In the upcoming periods, we will continue to respond to the changing needs and conditions in the quickest and most effective manner possible, with our business model based upon customer and employee satisfaction."

Commenting on the topic, Garanti BBVA CEO Recep Baştuğ said: "More than one year has passed over the announcement of the global pandemic, but nevertheless its effects are ongoing all over the world. In this environment, Turkey became one of the exceptional countries that achieved positive growth in the world in 2020. In 2021, we think that the positive development will continue and we will achieve a growth of approximately 5%.

The interest rate increases that started in 2020 and continued in 2021 and the currency have drawn us into an extremely dynamic period. Under these circumstances, as Garanti BBVA, we completed the first quarter with very successful financial results with the positive divergence of our country. Our contribution to the economy increased by 7% and reached 446 billion TL year-to-date. Our market share in TL loans has increased to 10%.

While we continue to support the economy, we also maintain our prudent stance on asset quality. In 2020, we proactively started to take precautions for some negative developments, which we know will realize in 2021. Provisions, restructurings, TL loan growth instead of foreign currency, accurate and timely loan classification are a summary of our cautious stance in 2020. In this quarter, we have taken all kinds of measures economically to protect both our customers and our balance sheet and will continue to do so. We are one of the banks with the highest coverage ratio in the Turkish banking sector. In the upcoming period, financial health will be one of our key strategies for both our customers and our bank.

Due to the risk preferences of the real sector and the banks, while foreign currency loans decreased steadily, consistent TL loan growth took its place. This transformation was also our priority. Going forward, we will see the continuation of this trend both in the sector and in Garanti BBVA.

Historically, Garanti BBVA, which has made Turkey's largest investment in technology and digitalization, has completed all its preparations for the new era. During the pandemic period, digital customer transactions increased by 70%. The number of our digital customers reached 9.9 million. Our priority now is customer acquisition from digital channels.

The opportunity to become a customer through digital channels, which we expect to start in May, will carry the sector to another dimension; open banking and open market operations will follow, respectively. The application of customer acquisition from digital will both significantly support digitalization and facilitate the spread of digital banking services by increasing financial inclusiveness. The end-to-end digital process of becoming a customer will create a fast, time-and-place-independent experience for the customer compared to traditional methods. Thus, customers will have access to instantly benefit from many banking products and services.

The transformation also in the payment systems business has gained pace during the pandemic. Such that the ability of customers to receive their credit cards without going to the branches, make remote, as well as contactless payments gained high importance. As the leading bank in payment systems and first bank in Turkey to offer its customers virtual POS and the ability to make contactless payments years ago, we are continuing to meet the increasing needs of our customers with innovative offerings.

Another issue becoming prominent with the pandemic was sustainability. As Garanti BBVA, we integrate sustainability into our business model and position it as one of our main strategic priorities. For 2 years now, we have been acquiring all the electricity we use in our bank from renewable sources. We reduced our carbon emissions by 75% and entitled to be named as a Neutral carbon company. In this period, as an important indicator of our support and contribution to renewable energy, we pledged not to finance coal-related activities and committed to completely close our current exposure to this sector latest by 2040.

Going forward, we will be one of the top institutions in the matter of sustainability, with the practices and awareness that will set an example for the society.

I would like to thank my colleagues for their relentless efforts and contributions in achieving our bank's first quarter results as well as our stakeholders who support and trust us in our 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 31.Mar.2021**	**Prior Period 31.Dec.2020**	**Change Δ%**
Total Assets	568,834,636	540,912,805	5.2%
Loans *	371,414,837	350,233,129	6.0%
- Performing Loans	355,605,955	*335,004,294*	6.1%
- Non-Performing Loans	15,808,882	*15,228,835*	3.8%
Customer Deposits	369,328,535	356,746,593	3.5%
Shareholders' Equity	64,043,672	62,409,195	2.6%

* *Excludes Leasing and Factoring receivables*

Selected P&L Items	**Current Period 31.Mar.2021**	**Prior Period 31.Mar.2020**	**Change Δ%**
Net Interest Income	6,844,703	5,854,607	16.9%
Operating Expenses	3,279,336	2,928,339	12.0%
- HR Cost	*1,220,870*	*1,061,430*	15.0%
- Other Operating Expenses	*2,058,466*	*1,866,909*	10.3%
Net Fees&Commissions	2,067,219	1,777,945	16.3%
Net Income	2,544,331	1,680,191	51.4%

Selected Financial Ratios	**Current Period 31.Mar.2021**	**Prior Period 31.Dec.2020**	**Change Δ bps**
Performing Loans/Assets	62.5%	61.9%	58
Deposits/Assets	64.9%	66.0%	(103)
Return on Average Equity	16.7%	11.0%	573
Return on Average Assets	1.9%	1.3%	60
Cumulative Net Interest Margin (incl. swap costs)	3.9%	5.4%	(146)
Non-Performing Loans Ratio	4.4%	4.5%	(11)
Capital Adequacy Ratio*	15.8%	16.9%	(103)

* *Calculated without the forbearance introduced by BRSA*

Market Shares *	**Current Period 31.Mar.2021**	**Prior Period 31.Dec.2020**	**Change Δ bps**
Performing Loans	9.9%	9.6%	25
TL Performing Loans	10.0%	9.6%	33
FC Performing Loans	9.4%	9.6%	(27)
Customer Deposits	10.1%	10.2%	(9)
TL Customer Deposits	9.5%	9.9%	(35)
FC Customer Deposits	10.3%	10.5%	(21)

* *Market Shares are calculated per bank-only financials, for fair comparison*

Garanti with Numbers [1]	**Current Period 31.Mar.2021**	**Prior Period 31.Dec.2020**	**Change Δ %**
Branch Network	893	894	(0.1) %
Number of Employees	18,615	18,654	(0.2) %
ATM	5,306	5,309	(0.1) %
POS*	678,687	684,896	(0.9) %
Number of Customers	19,060,493	18,779,494	1.5%
Number of Digital Customers **	9,863,252	9,571,289	3.1%
Number of Credit Card Customers	7,425,770	7,322,446	1.4%

[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 01.01.2021-31.03.2021

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2021-31.03.2021

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 31 March 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.