

*(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 Year Ended
31 December 2020**

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



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Convenience Translation of the Independent Auditors' Report Originally Prepared
and Issued in Turkish to English

To the General Assembly of Türkiye Garanti Bankası Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2020 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 year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the *Basis For Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Garanti Bankası A.Ş. and its consolidated financial subsidiaries as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Board 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, circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Qualified Opinion

As stated in Note 2.9.4 of Section Five, the accompanying consolidated financial statements as at 31 December 2020 include a general reserve of total of TL 4,650,000 thousands, of which TL 2,150,000 thousands was recognized as expense in the current period and TL 2,500,000 thousands had been recognized as expense in prior periods, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general reserve is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.



We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Audit Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA"s) published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII of the consolidated financial statements.

Key audit matter	How the matter is addressed in our audit
<p>As of 31 December 2020, loans measured at amortised cost comprise 65% of the Group's total assets.</p> <p>The Group recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>The Group applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.</p> <p>The significant assumptions and estimates of the Group's management are as follows:</p> <ul style="list-style-type: none">- significant increase in credit risk;- incorporating the forward looking macroeconomic information in calculation of credit risk; and- design and implementation of expected credit loss model.	<p>Our procedures for testing the impairment of loans included below:</p> <ul style="list-style-type: none">• We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.• We evaluated the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows and we tested the appropriateness of the loan agreements with the model by selecting samples.• We evaluated the adequacy of the subjective and objective criteria that is defined in the Group's impairment accounting policy compared with the Regulation and Standard.• We evaluated the Group's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist.

<p>The determination of the impairment of loans measured at amortised cost depends on the (i) credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Group calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models.</p> <p>Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions including the impact of COVID-19, the level of judgements and its complex structure as explained above.</p>	<ul style="list-style-type: none"> • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including the impact of COVID 19 on prospective information and macroeconomic variables. • We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models including the effects of COVID-19, that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments, including the effects of COVID-19, which are used in determining the significant increase in credit risk. • We also evaluated the adequacy of the consolidated financial statements' disclosures related to impairment provisions.
---	--



Measurement of financial instruments (the fair value hierarchy of financial instruments determined as Level 3)

The details of accounting policies and significant judgements of measurement (the fair value hierarchy of financial instruments determined as Level 3) of financial instruments are presented in Section III, No: VII of the consolidated financial statements.

Key audit matter	How the matter is addressed in our audit
<p>The classification of the financial assets is based on the Group's business model and characteristics of the contractual cash flows in accordance with TFRS 9.</p> <p>The fair value of the loan classified as financial assets measured at fair value through profit or loss according to business model is determined as Level 3 considering the significant unobservable inputs, assumptions and estimates used.</p> <p>Management assesses the significant unobservable inputs and uncertainties due to assumptions and estimates with the involvement of an independent valuation firm.</p> <p>The Group has also financial liabilities (securitization loans) which are accounted by using the fair value option on the initial recognition in order to eliminate any accounting mismatch in accordance with TFRS 9.</p> <p>The fair value of the securitization loans which are accounted as financial liabilities measured at fair value through profit or loss are determined as Level 3 considering the significant unobservable inputs, assumptions and estimates used.</p> <p>As mentioned above, the measurement of financial instruments (the fair value hierarchy of financial instruments determined as Level 3) is determined as key audit matter considering high degree of judgements and assumptions.</p>	<p>Our procedures for testing the fair value hierarchy of the financial instruments (the fair value hierarchy of financial instruments determined as Level 3) included below:</p> <ul style="list-style-type: none"> • We evaluated the design and implementation of the controls that the Group sets for the measurement of fair value of the relevant financial instruments. • We assessed the policy of the measurement of financial instruments (the fair value hierarchy of financial instruments determined as Level 3) based on TFRS 9 and compared with the requirements of TFRS 9. • We involved our own valuation specialists to evaluate the significant unobservable inputs and assumptions used by the Group for the fair value calculation of the related instruments. • We also evaluated the adequacy of the consolidated financial statements' disclosures related to the measurement of financial instruments (the fair value hierarchy of financial instruments determined as Level 3).



Pension plan

The details of accounting policies and significant judgements of pension plan are presented in Section III No: XVII of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Parent Bank's defined benefit pension plan (the "Plan") is managed by "Türkiye Garanti Bankası A.Ş. 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 Parent Bank's employees are the members of this Fund. As disclosed in the Note 3.17 to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Parent Bank that are not transferable to SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the non-transferable social rights and pension benefits provided under the Plan will be covered by the funds and the institutions that employ the funds' members. As of 31 December 2020, the Parent Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. As of 31 December 2020, the Parent Bank's non-transferrable liabilities are also calculated by independent actuary in accordance with TAS 19 Employee Benefits Standard. The valuation of the Pension Fund liabilities requires judgement in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in Pension Plan. Management uses independent actuaries to assist in assessing the uncertainty around these assumptions. Considering the subjectivity of key judgements and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p>	<p>Our procedures for auditing calculations of the management's pension plan liability included below:</p> <ul style="list-style-type: none">• We evaluated the design and implementation of the controls that the Parent Bank has set for the liability calculations related to the pension plan was tested.• We have assessed whether there have been any significant changes in actuarial assumptions, methods and underlying regulations used in calculations.• We evaluated the significant changes during the period in pension plan benefits, plan assets or membership profiles which affect liabilities.• We have involved our own actuarial specialist to assess the appropriateness of the actuarial assumptions and calculations.• We evaluated whether the plan assets are adequate to cover the Pension Plan liabilities, under the methods and assumptions used including the effects of COVID-19.• We evaluated the adequacy of the consolidated financial statements disclosures, including disclosures of key assumptions, judgements and sensitivities.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “BRSA Accounting and Reporting Legislation”, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2020 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated financial statements are 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 financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Murat Alsan, SMMM
Partner

28 January 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 YEAR ENDED 31 DECEMBER 2020**

Levent Nispetiye Mah.Aytar Cad.
No:2 Beşiktaş 34340 Istanbul

Telephone: 212 318 18 18

Fax: 212 216 64 22

www.garantibbva.com.tr
investorrelations@garantibbva.com.tr

The consolidated financial report for the year-end 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. Other Disclosures
7. Independent Auditors' 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 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
Board of Directors
Chairman

Recep Baştuğ
General Manager

Aydın Güler
Executive Vice President
Responsible of Financial
Reporting

Hakan Özdemir
Financial Reporting and
Accounting Director

**Jorge Saenz - Azcunaga
Carranza**
Audit Committee Member

Avni Aydın Düren
Audit Committee Member

Belkıs Sema Yurdum
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

	Page No:
<u>SECTION ONE</u>	
General Information	
I. History of parent bank including its incorporation date, initial legal status, amendments to legal status	1
II. 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	1
III. 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	2
IV. Information on parent bank's qualified shareholders	3
V. Summary information on parent bank's activities and services	3
VI. 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	3
VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries	3
<u>SECTION TWO</u>	
Consolidated Financial Statements	
I. Consolidated balance sheet-Assets	4
II. Consolidated balance sheet-Liabilities	5
III. Consolidated off-balance sheet items	6
IV. Consolidated statement of profit or loss	7
V. Consolidated statement of profit or loss and other comprehensive income	8
VI. Consolidated statement of changes in shareholders' equity	9
VII. Consolidated statement of cash flows	10
VIII. Statement of profit distribution	11
<u>SECTION THREE</u>	
Accounting Policies	
I. Basis of presentation	12
II. Strategy for use of financial instruments and foreign currency transactions	13
III. Information on consolidated subsidiaries	14
IV. Forwards, options and other derivative transactions	15
V. Interest income and expenses	16
VI. Fees and commissions	17
VII. Financial instruments	17
VIII. Disclosures on impairment of financial instruments	21
IX. Disclosures about netting and derecognition of financial instruments	27
X. Repurchase and resale agreements and securities lending	29
XI. Assets held for sale, assets of discontinued operations and related liabilities	29
XII. Goodwill and other intangible assets	29
XIII. Tangible assets	30
XIV. Leasing activities	31
XV. Provisions and contingent liabilities	32
XVI. Contingent assets	32
XVII. Liabilities for employee benefits	32
XVIII. Insurance technical reserves and technical income and expense	34
XIX. Taxation	35
XX. Funds borrowed	37
XXI. Share and share issuances	38
XXII. Confirmed bills of exchange and acceptances	38
XXIII. Government incentives	38
XXIV. Segment reporting	38
XXV. Profit reserves and profit appropriation	40
XXVI. Earnings per share	40
XXVII. Related parties	40
XXVIII. Cash and cash equivalents	40
XXIX. Other disclosures	40
<u>SECTION FOUR</u>	
Consolidated Financial Position and Results of Operations and Risk Management	
I. Consolidated total capital	41
II. Consolidated credit risk	49
III. Consolidated currency risk	60
IV. Consolidated interest rate risk	62
V. Consolidated position risk of equity securities	66
VI. Liquidity risk management and consolidated liquidity coverage ratio	67
VII. Consolidated leverage ratio	75
VIII. Fair values of financial assets and liabilities	76
IX. Transactions carried out on behalf of customers and items held in trust	78
X. Risk management objectives and policies	79

SECTION FIVE

Disclosures and Footnotes on Consolidated Financial Statements

I.	Consolidated assets	108
II.	Consolidated liabilities	140
III.	Consolidated off-balance sheet items	150
IV.	Consolidated statement of profit or loss	155
V.	Consolidated statement of changes in shareholders' equity	163
VI.	Consolidated statement of cash flows	164
VII.	Related party risks	166
VIII.	Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of parent bank	168
IX.	Matters arising subsequent to balance sheet date	170

SECTION SIX

Other Disclosures on Activities

I.	Information on international risk ratings	171
II.	Dividends	173
III.	Other disclosures	173

SECTION SEVEN

Independent Auditors' Report

I.	Disclosure on independent auditors' report	174
II.	Disclosures and footnotes prepared by independent auditors	174

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 2 representative offices (31 December 2019: 904 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 December 2020, 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 Doğu 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 Doğu Holding AŞ (the Doğu 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 Doğu 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 Doğu 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 Doğu 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.

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	40 years
Jorge Saenz Azcunaga Carranza	Vice Chairman Independent Member and Member of Audit Committee	24.03.2016	University	28 years
Recep Baştuğ	Member and CEO	06.09.2019	University	31 years
Sait Ergun Özen	Member	14.05.2003	University	34 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	33 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	29 years
Javier Bernal Dionis	Member	27.07.2015	Master	31 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	30 years
Belkıs Sema Yurdum	Independent Member and Member of Audit Committee	30.04.2013	University	40 years
Avni Aydın Düren	Independent Member and Member of Audit Committee	17.06.2020	Master	29 years
Mevhibe Canan Özsoy	Independent Member	04.04.2019	Master	32 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	31 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	29 years
Betül Ebru Edin	EVP-Corporate, Investment Banking and Global Markets	25.11.2009	University	27 years
Işıl Akdemir Evlioğlu	EVP- Customer Solutions and Digital Banking	01.03.2020	Master	15 years
Selahattin Güldü (**)	EVP-Commercial Banking	20.04.2018	University	30 years
Didem Başer	EVP- Talent and Culture	01.03.2020	Master	26 years
Aydın Güler	EVP- Finance and Treasury	03.02.2016	University	30 years
Ali Temel (*)	Head of Credit Risk Management	03.02.2016	University	30 years
Mahmut Akten	EVP-Retail Banking	17.01.2017	Master	21 years
Cemal Onaran (**)	EVP-SME Banking	17.01.2017	University	30 years

(*) As of 1 January 2021, Murat Atay is assigned as Head of Credit Risk Management.

(**) At the Board of Directors meeting dated 18 January 2021 it was decided to appoint Cemal Onaran to replace Selahattin Güldü as the Executive Vice President in charge of Commercial Banking and Sibel Kaya to replace Cemal Onaran as the Executive Vice President in charge of SME Banking. These appointments will be effective following the completion of necessary legal procedures and obtaining of legal approvals.

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 December 2020

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 December 2020			PRIOR PERIOD 31 December 2019		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		42,032,640	95,118,539	137,151,179	34,725,166	74,235,255	108,960,421
1.1 Cash and Cash Equivalents	5.1.1	15,635,099	71,733,232	87,368,331	14,200,209	57,897,826	72,098,035
1.1.1 Cash and Balances with Central Bank		6,997,122	48,722,225	55,719,347	3,285,977	38,739,329	42,025,306
1.1.2 Banks		782,969	21,578,566	22,361,535	747,860	18,834,329	19,582,189
1.1.3 Money Market Placements		8,043,941	1,662,847	9,706,788	10,205,763	453,693	10,659,456
1.1.4 Expected Credit Losses (-)		188,933	230,406	419,339	39,391	129,525	168,916
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.1.2	1,356,222	7,026,509	8,382,731	692,738	4,526,562	5,219,300
1.2.1 Government Securities		759,526	2,153,945	2,913,471	370,765	91,126	461,891
1.2.2 Equity Securities		547,867	54,021	601,888	303,272	30,148	333,420
1.2.3 Other Financial Assets		48,829	4,818,543	4,867,372	18,701	4,405,288	4,423,989
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	5.1.3	22,580,548	14,205,017	36,785,565	18,274,036	10,369,493	28,643,529
1.3.1 Government Securities		22,411,168	9,228,128	31,639,296	18,192,222	6,627,521	24,819,743
1.3.2 Equity Securities		58,305	254,511	312,816	32,328	350,053	382,381
1.3.3 Other Financial Assets		111,075	4,722,378	4,833,453	49,486	3,391,919	3,441,405
1.4 Derivative Financial Assets	5.1.4	2,460,771	2,153,781	4,614,552	1,558,183	1,441,374	2,999,557
1.4.1 Derivative Financial Assets Measured at FVTPL		2,013,066	2,144,333	4,157,399	1,133,910	1,424,303	2,558,213
1.4.2 Derivative Financial Assets Measured at FVOCI		447,705	9,448	457,153	424,273	17,071	441,344
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		231,445,253	141,326,018	372,771,271	180,738,392	115,539,328	296,277,720
2.1 Loans	5.1.5	215,475,505	134,757,624	350,233,129	166,976,048	110,530,551	277,506,599
2.2 Lease Receivables	5.1.6	1,818,749	5,689,959	7,508,708	1,326,634	4,857,520	6,184,154
2.3 Factoring Receivables	5.1.7	2,205,049	721,520	2,926,569	1,809,179	620,984	2,430,163
2.4 Other Financial Assets Measured at Amortised Cost	5.1.8	22,663,984	10,574,927	33,238,911	20,732,279	6,988,063	27,720,342
2.4.1 Government Securities		22,630,403	10,541,868	33,172,271	20,591,464	6,967,172	27,558,636
2.4.2 Other Financial Assets		33,581	33,059	66,640	140,815	20,891	161,706
2.5 Expected Credit Losses (-)		10,718,034	10,418,012	21,136,046	10,105,748	7,457,790	17,563,538
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.9	914,057	17,696	931,753	1,424,822	27,436	1,452,258
3.1 Asset Held for Resale		914,057	17,696	931,753	1,424,822	27,436	1,452,258
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES		160,390	6,105	166,495	149,767	4,087	153,854
4.1 Associates (Net)	5.1.10	46,370	7	46,377	35,747	6	35,753
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		46,370	7	46,377	35,747	6	35,753
4.2 Subsidiaries (Net)	5.1.11	114,020	6,098	120,118	114,020	4,081	118,101
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		114,020	6,098	120,118	114,020	4,081	118,101
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	5,464,120	495,951	5,960,071	5,145,933	382,366	5,528,299
VI. INTANGIBLE ASSETS (Net)	5.1.14	533,600	80,798	614,398	430,194	49,712	479,906
6.1 Goodwill		6,388	-	6,388	6,388	-	6,388
6.2 Others		527,212	80,798	608,010	423,806	49,712	473,518
VII. INVESTMENT PROPERTY (Net)	5.1.15	561,525	-	561,525	569,719	-	569,719
VIII. CURRENT TAX ASSET		3,420	85,563	88,983	7,649	78,568	86,217
IX. DEFERRED TAX ASSET	5.1.16	3,618,388	22,015	3,640,403	1,861,118	20,892	1,882,010
X. OTHER ASSETS (Net)	5.1.17	7,902,560	11,124,167	19,026,727	5,502,245	7,661,499	13,163,744
TOTAL ASSETS		292,635,953	248,276,852	540,912,805	230,555,005	197,999,143	428,554,148

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 December 2020

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			31 December 2020			31 December 2019		
			TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1		142,230,848	215,869,500	358,100,348	113,245,513	164,031,812	277,277,325
II. FUNDS BORROWED	5.2.2		2,233,552	24,386,631	26,620,183	2,687,955	22,934,104	25,622,059
III. MONEY MARKET FUNDS	5.2.3		1,098,116	2,065,862	3,163,978	416,266	1,370,595	1,786,861
IV. SECURITIES ISSUED (NET)	5.2.4		6,094,432	16,722,649	22,817,081	6,036,084	14,990,453	21,026,537
4.1 Bills			4,883,881	-	4,883,881	4,825,540	-	4,825,540
4.2 Asset Backed Securities			-	-	-	-	-	-
4.3 Bonds			1,210,551	16,722,649	17,933,200	1,210,544	14,990,453	16,200,997
V. FUNDS			-	-	-	-	-	-
5.1 Borrowers' Funds			-	-	-	-	-	-
5.2 Others			-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FVTPL	5.2.5		-	16,137,939	16,137,939	-	14,342,293	14,342,293
VII. DERIVATIVE FINANCIAL LIABILITIES	5.2.6		4,382,556	4,154,334	8,536,890	1,945,271	2,294,394	4,239,665
7.1 Derivative Financial Liabilities Measured at FVTPL			4,250,527	3,881,002	8,131,529	1,305,445	2,199,506	3,504,951
7.2 Derivative Financial Liabilities Measured at FVOCI			132,029	273,332	405,361	639,826	94,888	734,714
VIII. FACTORING LIABILITIES	5.2.7		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	5.2.8		840,772	185,595	1,026,367	969,316	165,454	1,134,770
X. PROVISIONS	5.2.9		6,763,967	3,271,604	10,035,571	5,348,121	1,178,252	6,526,373
10.1 Restructuring Reserves			-	-	-	-	-	-
10.2 Reserve for Employee Benefits			1,297,372	156,160	1,453,532	1,135,056	111,605	1,246,661
10.3 Insurance Technical Provisions (Net)			721,292	107,820	829,112	589,541	50,992	640,533
10.4 Other Provisions			4,745,303	3,007,624	7,752,927	3,623,524	1,015,655	4,639,179
XI. CURRENT TAX LIABILITY	5.2.10		2,247,903	48,444	2,296,347	1,149,548	102,427	1,251,975
XII. DEFERRED TAX LIABILITY	5.2.10		-	48,863	48,863	-	29,480	29,480
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		1,029,532	5,569,437	6,598,969	261,478	4,468,229	4,729,707
14.1 Borrowings			-	-	-	-	-	-
14.2 Other Debt Instruments			1,029,532	5,569,437	6,598,969	261,478	4,468,229	4,729,707
XV. OTHER LIABILITIES	5.2.13		18,859,556	4,261,518	23,121,074	14,252,573	2,283,783	16,536,356
XVI. SHAREHOLDERS' EQUITY	5.2.14		62,050,247	358,948	62,409,195	53,554,029	496,718	54,050,747
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			1,598,522	114,049	1,712,571	1,376,965	267,474	1,644,439
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			3,197,339	(115,937)	3,081,402	1,465,038	(94,917)	1,370,121
16.5 Profit Reserves			45,520,735	349,008	45,869,743	39,288,768	324,161	39,612,929
16.5.1 Legal Reserves			1,554,550	79,424	1,633,974	1,546,353	53,081	1,599,434
16.5.2 Status Reserves			-	-	-	-	-	-
16.5.3 Extraordinary Reserves			43,728,172	-	43,728,172	37,509,839	-	37,509,839
16.5.4 Other Profit Reserves			238,013	269,584	507,597	232,576	271,080	503,656
16.6 Profit/Loss			6,501,538	11,828	6,513,366	6,164,914	-	6,164,914
16.6.1 Prior Periods' Profit/Loss			196,448	11,828	208,276	-	-	-
16.6.2 Current Period's Net Profit/Loss			6,305,090	-	6,305,090	6,164,914	-	6,164,914
16.7 Minority Interest			247,679	-	247,679	273,910	-	273,910
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			247,831,481	293,081,324	540,912,805	199,866,154	228,687,994	428,554,148

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 Off-Balance Sheet Items

At 31 December 2020

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 December 2020			31 December 2019		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		252,150,378	408,163,964	660,314,342	187,129,637	307,620,161	494,749,798
I. GUARANTEES AND SURETIES	5.3.1	31,824,340	48,971,054	80,795,394	23,655,572	39,101,523	62,757,095
1.1 Letters of guarantee		31,475,024	33,857,845	65,332,869	23,555,242	26,872,148	50,427,390
1.1.1 Guarantees subject to State Tender Law		-	1,368,856	1,368,856	-	1,252,136	1,252,136
1.1.2 Guarantees given for foreign trade operations		2,489,512	845,758	3,335,270	1,408,118	620,356	2,028,474
1.1.3 Other letters of guarantee		28,985,512	31,643,231	60,628,743	22,147,124	24,999,656	47,146,780
1.2 Bank acceptances		70,194	2,103,257	2,173,451	35,845	1,543,198	1,579,043
1.2.1 Import letter of acceptance		70,194	2,103,257	2,173,451	35,395	1,521,807	1,557,202
1.2.2 Other bank acceptances		-	-	-	450	21,391	21,841
1.3 Letters of credit		279,122	12,884,100	13,163,222	64,485	10,611,998	10,676,483
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		279,122	12,884,100	13,163,222	64,485	10,611,998	10,676,483
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		-	125,852	125,852	-	74,179	74,179
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		75,926,337	28,902,086	104,828,423	62,668,511	14,344,299	77,012,810
2.1 Irrevocable commitments		75,375,808	26,283,022	101,658,830	62,458,341	12,568,282	75,026,623
2.1.1 Asset purchase and sale commitments		4,765,892	23,152,339	27,918,231	5,306,346	10,576,157	15,882,503
2.1.2 Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	2,780	2,780	-	6,336	6,336
2.1.4 Loan granting commitments		20,994,776	2,072,525	23,067,301	16,305,168	1,273,729	17,578,897
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		3,174,209	-	3,174,209	3,184,727	-	3,184,727
2.1.8 Tax and fund obligations on export commitments		143,224	-	143,224	137,121	-	137,121
2.1.9 Commitments for credit card limits		46,296,739	1,055,378	47,352,117	37,521,955	712,060	38,234,015
2.1.10 Commitments for credit cards and banking services related promotions		968	-	968	3,024	-	3,024
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		550,529	2,619,064	3,169,593	210,170	1,776,017	1,986,187
2.2.1 Revocable loan granting commitments		10,902	1,995,025	2,005,927	15,045	1,446,989	1,462,034
2.2.2 Other revocable commitments		539,627	624,039	1,163,666	195,125	329,028	524,153
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	144,399,701	330,290,824	474,690,525	100,805,554	254,174,339	354,979,893
3.1 Derivative financial instruments held for risk management		5,065,184	37,222,722	42,287,906	22,373,314	43,574,257	65,947,571
3.1.1 Fair value hedges		469,986	8,308,419	8,778,405	4,835,016	16,607,942	21,442,958
3.1.2 Cash flow hedges		4,595,198	28,914,303	33,509,501	17,538,298	26,966,315	44,504,613
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		139,334,517	293,068,102	432,402,619	78,432,240	210,600,082	289,032,322
3.2.1 Forward foreign currency purchases/sales		9,069,175	11,312,583	20,381,758	7,322,962	8,764,639	16,087,601
3.2.1.1 Forward foreign currency purchases		6,506,988	3,879,245	10,386,233	3,686,017	4,409,675	8,095,692
3.2.1.2 Forward foreign currency sales		2,562,187	7,433,338	9,995,525	3,636,945	4,354,964	7,991,909
3.2.2 Currency and interest rate swaps		126,241,686	231,716,285	357,957,971	60,617,121	160,582,646	221,199,767
3.2.2.1 Currency swaps-purchases		8,963,202	92,403,946	101,367,148	9,766,706	67,104,838	76,871,544
3.2.2.2 Currency swaps-sales		65,522,846	47,853,673	113,376,519	43,894,979	29,683,702	73,578,681
3.2.2.3 Interest rate swaps-purchases		25,878,025	45,729,333	71,607,358	3,477,718	31,897,053	35,374,771
3.2.2.4 Interest rate swaps-sales		25,877,613	45,729,333	71,606,946	3,477,718	31,897,053	35,374,771
3.2.3 Currency, interest rate and security options		2,700,037	5,578,445	8,278,482	10,170,756	20,898,894	31,069,650
3.2.3.1 Currency call options		1,671,606	1,410,167	3,081,773	5,408,521	5,945,014	11,353,535
3.2.3.2 Currency put options		918,375	2,321,676	3,240,051	4,573,863	7,416,639	11,990,502
3.2.3.3 Interest rate call options		-	1,846,602	1,846,602	-	6,649,121	6,649,121
3.2.3.4 Interest rate put options		-	-	-	-	888,120	888,120
3.2.3.5 Security call options		25,011	-	25,011	87,880	-	87,880
3.2.3.6 Security put options		85,045	-	85,045	100,492	-	100,492
3.2.4 Currency futures		1,163,525	1,343,230	2,506,755	131,926	534,975	666,901
3.2.4.1 Currency futures-purchases		634,658	611,740	1,246,398	128,032	208,060	336,092
3.2.4.2 Currency futures-sales		528,867	731,490	1,260,357	3,894	326,915	330,809
3.2.5 Interest rate futures		-	-	-	-	29,604	29,604
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	29,604	29,604
3.2.6 Others		160,094	43,117,559	43,277,653	189,475	19,789,324	19,978,799
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		892,567,461	1,153,942,320	2,046,509,781	805,331,669	860,068,236	1,665,399,905
IV. ITEMS HELD IN CUSTODY		67,992,766	56,592,842	124,585,608	61,688,136	42,938,926	104,627,062
4.1 Customers' securities held		29,919,210	-	29,919,210	27,430,538	-	27,430,538
4.2 Investment securities held in custody		14,459,589	17,679,389	32,138,978	15,270,202	12,493,790	27,763,992
4.3 Checks received for collection		17,647,307	7,027,687	24,674,994	15,688,562	5,837,295	21,525,857
4.4 Commercial notes received for collection		2,484,480	1,094,391	3,578,871	2,702,936	938,150	3,641,086
4.5 Other assets received for collection		3,320,118	26,744,871	30,064,989	250,510	20,797,896	21,048,406
4.6 Assets received through public offering		-	181,367	181,367	-	144,496	144,496
4.7 Other items under custody		162,062	3,865,137	4,027,199	345,388	2,727,299	3,072,687
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		824,574,695	1,097,349,478	1,921,924,173	743,643,533	817,129,310	1,560,772,843
5.1 Securities		6,569,370	2,166,776	8,736,146	4,036,323	1,563,950	5,600,273
5.2 Guarantee notes		23,246,598	19,038,091	42,284,689	23,737,421	13,743,078	37,480,499
5.3 Commodities		65,681	-	65,681	3,371	-	3,371
5.4 Warranties		-	536,450	536,450	-	377,819	377,819
5.5 Real estates		187,343,687	189,716,205	377,059,892	175,430,786	148,434,218	323,865,004
5.6 Other pledged items		607,349,359	885,891,825	1,493,241,184	540,435,632	653,010,149	1,193,445,781
5.7 Pledged items-depository		-	131	131	-	96	96
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		1,144,717,839	1,562,106,284	2,706,824,123	992,461,306	1,167,688,397	2,160,149,703

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
For the period ended at 31 December 2020

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD	PRIOR PERIOD
			1 January 2020- 31 December 2020	1 January 2019- 31 December 2019
I.	INTEREST INCOME	5.4.1	39,393,261	42,045,625
1.1	Interest income on loans		30,919,973	33,866,206
1.2	Interest income on reserve deposits		82,696	368,148
1.3	Interest income on banks		200,909	720,601
1.4	Interest income on money market transactions		749,549	395,622
1.5	Interest income on securities portfolio		6,558,261	5,658,911
1.5.1	Financial assets measured at FVTPL		132,848	113,531
1.5.2	Financial assets measured at FVOCI		3,170,354	2,784,388
1.5.3	Financial assets measured at amortised cost		3,255,059	2,760,992
1.6	Financial lease income		505,551	511,531
1.7	Other interest income		376,322	524,606
II.	INTEREST EXPENSE (-)	5.4.2	14,000,693	21,372,200
2.1	Interest on deposits		9,437,262	16,529,107
2.2	Interest on funds borrowed		1,347,055	1,799,135
2.3	Interest on money market transactions		333,448	117,758
2.4	Interest on securities issued		2,328,935	2,650,526
2.5	Lease interest expense		133,480	188,093
2.6	Other interest expenses		420,513	87,581
III.	NET INTEREST INCOME (I - II)		25,392,568	20,673,425
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		6,587,665	6,273,573
4.1	Fees and commissions received		8,296,891	8,643,797
4.1.1	Non-cash loans		781,528	721,434
4.1.2	Others		7,515,363	7,922,363
4.2	Fees and commissions paid (-)		1,709,226	2,370,224
4.2.1	Non-cash loans		23,250	15,350
4.2.2	Others		1,685,976	2,354,874
V.	DIVIDEND INCOME	5.4.3	22,178	11,276
VI.	NET TRADING INCOME/LOSSES (Net)	5.4.4	702,894	(1,806,062)
6.1	Trading account income/losses		574,332	(157,084)
6.2	Income/losses from derivative financial instruments		(6,221,097)	(2,935,307)
6.3	Foreign exchange gains/losses		6,349,659	1,286,329
VII.	OTHER OPERATING INCOME	5.4.5	6,550,123	5,676,784
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		39,255,428	30,828,996
IX.	EXPECTED CREDIT LOSSES (-)	5.4.6	14,330,950	11,491,709
X.	OTHER PROVISIONS (-)	5.4.6	3,829,044	855,943
XI.	PERSONNEL EXPENSES (-)		4,419,743	4,187,991
XII.	OTHER OPERATING EXPENSES (-)	5.4.7	7,467,095	6,121,085
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		9,208,596	8,172,268
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	9,208,596	8,172,268
XVIII.	PROVISION FOR TAXES (±)	5.4.9	2,823,433	1,930,878
18.1	Current tax charge		4,549,974	2,362,115
18.2	Deferred tax charge (+)		358,460	292,444
18.3	Deferred tax credit (-)		(2,085,001)	(723,681)
XIX.	NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	5.4.10	6,385,163	6,241,390
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 OPERATIONS	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 OPERATIONS	5.4.10	-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	5.4.11	6,385,163	6,241,390
25.1	Equity holders of the bank		6,305,090	6,164,914
25.2	Minority interest		80,073	76,476
Earnings per Share			0.01501	0.01468

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
For the period ended at 31 December 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2020 - 31 December 2020	PRIOR PERIOD 1 January 2019 - 31 December 2019
I.	CURRENT PERIOD PROFIT/LOSS	6,385,163	6,241,390
II.	OTHER COMPREHENSIVE INCOME	1,987,903	892,971
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	275,970	132,740
2.1.1	Revaluation Surplus on Tangible Assets	447,795	77,072
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(163,387)	(14,279)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	40,130	80,509
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(48,568)	(10,562)
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	1,711,933	760,231
2.2.1	Translation Differences	1,980,100	465,491
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	417,926	1,296,692
2.2.3	Gains/losses from Cash Flow Hedges	208,567	(696,601)
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(968,059)	(237,150)
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	73,399	(68,201)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	8,373,066	7,134,361

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
For the period ended at 31 December 2020

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)																
		Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity	
						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							
PRIOR PERIOD (01/01/2019-31/12/2019)																		
I. Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,534,923	(160,891)	99,362	2,744,795	(1,058,211)	(1,074,741)	32,977,973	6,641,652	-	46,689,296	197,546	46,886,842	
II. Correction made as per TAS 8		-	-	-	-	-	-	1,855	-	(80,864)	79,009	-	-	-	-	-	-	
2.1. Effect of Corrections		-	-	-	-	-	-	1,855	-	(80,864)	79,009	-	-	-	-	-	-	
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	1,534,923	(160,891)	101,217	2,744,795	(1,139,075)	(995,732)	32,977,973	6,641,652	-	46,689,296	197,546	46,886,842	
IV. Total Comprehensive Income		-	-	-	-	63,039	(11,583)	117,734	465,491	1,035,507	(740,865)	(36,920)	-	6,164,914	7,057,317	77,044	7,134,361	
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		-	-	-	-	-	-	-	-	-	-	30,224	-	-	30,224	-	30,224	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	6,641,652	(6,641,652)	-	-	(680)	(680)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(680)	(680)	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	6,641,652	(6,641,652)	-	-	-	-	
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at end of the period (III+IV...+X+XI)		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	
CURRENT PERIOD (01/01/2020-31/12/2020)																		
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		-	-	-	-	350,474	(130,270)	(152,072)	1,980,100	343,860	(612,679)	-	208,276	6,305,090	8,292,779	80,287	8,373,066	
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		-	-	-	-	-	-	-	-	-	-	91,900	-	-	91,900	-	91,900	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	6,164,914	(6,164,914)	-	-	(106,518)	(106,518)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(106,518)	(106,518)	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	6,159,477	(6,159,477)	-	-	-	-	
11.3 Others		-	-	-	-	-	-	-	-	-	-	5,437	(5,437)	-	-	-	-	
Balances at end of the period (III+IV...+X+XI)		4,200,000	11,880	-	772,554	1,948,436	(302,744)	66,879	5,190,386	240,292	(2,349,276)	45,869,743	208,276	6,305,090	62,161,516	247,679	62,409,195	

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Cash Flows
For the period ended at 31 December 2020

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2020- 31 December 2020	PRIOR PERIOD 1 January 2019 - 31 December 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	23,293,551	18,011,088
1.1.1 Interests received		36,845,693	40,681,115
1.1.2 Interests paid		(14,126,804)	(21,880,818)
1.1.3 Dividend received		22,178	11,276
1.1.4 Fees and commissions received		8,296,891	8,643,797
1.1.5 Other income		6,550,123	5,426,784
1.1.6 Collections from previously written-off receivables		748,000	702,180
1.1.7 Cash payments to personnel and service suppliers		(10,102,158)	(8,649,574)
1.1.8 Taxes paid		(3,379,465)	(1,889,092)
1.1.9 Others		(1,560,907)	(5,034,580)
1.2 Changes in operating assets and liabilities	5.6	(13,665,034)	(3,572,118)
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		(2,915,666)	(1,110,263)
1.2.2 Net (increase) decrease in due from banks		607,830	5,256,848
1.2.3 Net (increase) decrease in loans		(83,989,602)	(28,502,718)
1.2.4 Net (increase) decrease in other assets		(17,220,069)	(2,296,756)
1.2.5 Net increase (decrease) in bank deposits		(1,314,464)	(3,491,287)
1.2.6 Net increase (decrease) in other deposits		82,300,437	37,470,410
1.2.7 Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		2,415,940	(9,109,859)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		6,450,560	(1,788,493)
I. Net cash flow from banking operations	5.6	9,628,517	14,438,970
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(11,718,982)	(1,550,313)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(6,921)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(1,265,037)	(606,785)
2.4 Sales of tangible assets		596,902	384,197
2.5 Cash paid for purchase of financial assets measured at FVOCI		(22,357,051)	(7,316,987)
2.6 Cash obtained from sale of financial assets measured at FVOCI		15,372,364	7,038,450
2.7 Cash paid for purchase of financial assets measured at amortised cost		(7,310,245)	(1,248,680)
2.8 Cash obtained from sale of financial assets measured at amortised cost		3,251,006	199,492
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		4,386,378	(4,052,169)
3.1 Cash obtained from funds borrowed and securities issued		21,887,507	24,536,128
3.2 Cash used for repayment of funds borrowed and securities issued		(16,985,291)	(28,277,486)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	(680)
3.5 Payments for leases		(515,838)	(310,131)
3.6 Others		-	-
IV. Effect of translation differences on cash and cash equivalents		2,461,351	1,472,401
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	4,757,264	10,308,889
VI. Cash and cash equivalents at beginning of period	5.6	48,006,493	37,697,604
VII. Cash and cash equivalents at end of period (V+VI)	5.6	52,763,757	48,006,493

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

Türkiye Garanti Bankası Anonim Şirketi

Statement of Profit Distribution (*)

For The Year Ended 31 December 2020

STATEMENT OF PROFIT DISTRIBUTION		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (**)	PREVIOUS PERIOD
		31 December 2020	31 December 2019
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT PERIOD PROFIT	8,639,410	7,816,281
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	2,401,407	1,657,440
1.2.1	Corporate tax (income tax)	2,401,407	1,657,440
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	6,238,003	6,158,841
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	5,437
B.	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	6,153,404
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	STATUS RESERVES (-)	-	-
1.11	EXTRAORDINARY RESERVES	-	6,153,404
1.12	OTHER RESERVES	-	-
1.13	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1	To owners of ordinary shares	-	-
2.2.2	To owners of privileged shares	-	-
2.2.3	To owners of redeemed shares	-	-
2.2.4	To profit sharing bonds	-	-
2.2.5	To holders of profit and loss sharing certificates	-	-
2.3	DIVIDENDS TO PERSONNEL (-)	-	-
2.4	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	0.01485	0.01466
3.2	TO OWNERS OF ORDINARY SHARES (%)	148.52	146.64
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Profit Distribution Statement has been prepared according to unconsolidated financial statements.

(**) Decision regarding the 2020 profit distribution will be held at General Assembly meeting.

The accompanying notes are an integral part of these unconsolidated 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 “Communique amending the Communique 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 3.2 to 3.30.

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 year end financial statements dated 31 December 2020, 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 419,127,526 (31 December 2019: EUR 401,703,512) 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 in the amount of TL 2,548,634 (31 December 2019: TL 1,580,575), 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 December 2020. There is no ineffective portion arising from net investment hedge accounting.

3.3 Information on consolidated subsidiaries

As of 31 December 2020, 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 Doğu 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 contracts.

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.

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

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 and
- 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:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the 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:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the 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 and the Bank's expectations, maybe updated during the year when it is considered necessary.

As of 31 December 2020, 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 December 2020, 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 December 2020, 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 8970 dated 27 March 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 31 December 2020. Based on the BRSA Decision numbered 9312 dated 8 December 2020, this period was extended 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 8948 dated 17 March 2020, starting from 17 March 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 31 December 2020. Based on the BRSA Decision numbered 9312 dated 8 December 2020, this period was extended 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 8948 dated 17 March 2020 and Decision numbered 9312 dated 8 December 2020, starting from 17 March 2020, current definition of default in the Bank is based on a more than 180 days past due instead of a 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 December 2020, 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 calculated expected credit losses provision based on the mentioned updated model at the year end of 2020.

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.

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 adverse impacts of the COVID-19 outbreak in its models by updating the macroeconomic parameters as of 31 March 2020 in addition to the February period.

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
31.12.2020	0.0%
31.12.2021	5.5%
31.12.2022	4.5%
31.12.2023	4.0%
31.12.2024	4.0%
31.12.2025	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 8970 dated 27 March 2020 and 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 other than a pledge over movable assets.

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, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing

In order for the restructured non-performing 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 8970 dated 27 March 2020 and 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. As of the reporting period, the Bank has made a fair valuation of all its real estates, considering the current market conditions and the changes are recognized in financial statements.

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.

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. As of the reporting period, the Bank has made a fair valuation of all its Investment properties, considering the current market conditions and the changes are recognized in financial statements.

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.

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

	31 December 2020	31 December 2019
Net Effective Discount Rate	3.01%	3.97%
Discount Rate	13.00%	12.50%
Expected Rate of Salary Increase	11.20%	9.70%
Inflation Rate	9.70%	8.20%

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 December 2020		31 December 2019	
	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 the Social Security Institution in case of domestic investees and to the legislations of the related countries in case of foreign investee companies. There are no obligations not reflected in the accompanying consolidated financial statements.

3.18 Insurance technical reserves and technical income and expense

3.18.1 Insurance technical reserves

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

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

3.18.2 Insurance technical income and expense

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

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

3.19 Taxation

3.19.1 Corporate tax

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%. This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

corporate taxes are paid in two equal installments in May and October. According to the Decision of the TRNC Council of Ministers dated 25 March 2020, the prepaid taxes are calculated and paid at the rate of 15% tax on quarterly commercial earnings of the related year. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

MALTA

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

Tax applications for foreign financial subsidiaries

THE NETHERLANDS

In the Netherlands, corporate income tax is levied at the rate of 16.5% for tax profits up to EUR 200,000 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 16.5% and 25% in 2020, as 15% and 21.7% in 2021. 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 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 seven years. Tax losses can be carried forward to offset against future taxable income for seven years.

Starting from 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 Ordinance provides 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. According to Romanian legislation, a GEO should be approved by the Parliament through a Law within 2 years since the GEO issuing.

3.19.2 Deferred taxes

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

As explained in note 3.19.1, this rate is determined as 22% to be applied to corporate earnings for the taxation periods of 2018, 2019 and 2020. In addition, the Council of Ministers is authorized to reduce the corresponding rate 22% to 20%. As deferred tax assets or liabilities within the scope of TAS 12, are calculated by using the tax rates based on the effective tax rates or tax rates (and tax laws) expected to enter into force as of the reporting period (balance sheet date), to be applied in the periods when the assets turn into income or the debts are paid, the Bank made deferred tax calculation according to the rate of 20% corresponding of the assets and liabilities as of 31 December 2020.

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 “7.1 Annual Documentation” section of this communiqué, 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 December 2020, the Bank or its financial subsidiaries do not have any government incentives or grants (2019: 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.

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

<i>Current Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	12,157,824	10,915,841	5,949,036	10,210,549	39,233,250
Other	-	-	-	-	-
Total Operating Profit	12,157,824	10,915,841	5,949,036	10,210,549	39,233,250
Net Operating Profit	4,216,256	833,947	5,300,420	(1,164,205)	9,186,418
Dividend Income	-	-	-	22,178	22,178
Net Operating Profit	4,216,256	833,947	5,300,420	(1,142,027)	9,208,596
Provision for Taxes	-	-	-	2,823,433	2,823,433
Net Profit	4,216,256	833,947	5,300,420	(3,965,460)	6,385,163
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

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	12,757,644	10,445,677	(4,620,619)	12,235,018	30,817,720
Other	-	-	-	-	-
Total Operating Profit	12,757,644	10,445,677	(4,620,619)	12,235,018	30,817,720
Net Operating Profit	5,729,997	2,137,789	(5,166,364)	5,459,570	8,160,992
Dividend Income	-	-	-	11,276	11,276
Net Operating Profit	5,729,997	2,137,789	(5,166,364)	5,470,846	8,172,268
Provision for Taxes	-	-	-	1,930,878	1,930,878
Net Profit	5,729,997	2,137,789	(5,166,364)	3,539,968	6,241,390
Segment Assets	76,596,027	184,036,880	117,882,897	49,884,490	428,400,294
Investments in Associates and Subsidiaries	-	-	-	153,854	153,854
Total Assets	76,596,027	184,036,880	117,882,897	50,038,344	428,554,148
Segment Liabilities	187,757,054	94,836,117	67,163,417	24,746,813	374,503,401
Shareholders' Equity	-	-	-	54,050,747	54,050,747
Total Liabilities and Shareholders' Equity	187,757,054	94,836,117	67,163,417	78,797,560	428,554,148

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 17 July 2020, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 6,158,841 thousands, and the table considering the distribution made based on the decision is presented in note 6.2.

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.

	<i>Current Period</i>	<i>Prior Period</i>
Distributable net profit/loss	6,305,090	6,164,914
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.01501	0.01468

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 2020 (2019: 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 previous 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 December 2019 and 31 December 2018.

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

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 (*)

	<i>Current Period</i>	<i>Prior Period</i>
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	45,869,743	39,612,929
Other Comprehensive Income according to TAS	8,669,080	5,868,434
Profit	6,513,366	6,164,914
Current Period Profit	6,305,090	6,164,914
Prior Period Profit	208,276	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	6,694	913
Minority Interest	98,252	78,543
Common Equity Tier I Capital Before Deductions	66,141,569	56,710,167
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 (-)	3,571,428	2,382,649
Leasehold Improvements on Operational Leases (-)	124,608	169,881
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	591,531	449,529
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 the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-

	<i>Current Period</i>	<i>Prior Period</i>
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	4,287,567	3,002,059
Total Common Equity Tier I Capital	61,854,002	53,708,108
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)	61,854,002	53,708,108
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	6,537,880	4,693,480
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)	4,623,236	3,756,696
Total Deductions from Tier II Capital	11,161,116	8,450,176
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	-	-

	<i>Current Period</i>	<i>Prior Period</i>
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	11,161,116	8,450,176
Total Equity (Total Tier I and Tier II Capital)	73,015,118	62,158,284
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	82	109
Other items to be Defined by the BRSA (-)	1,802	7,821
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)	73,013,234	62,150,354
Total Risk Weighted Assets	432,914,519	349,007,519
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	14.29	15.39
Consolidated Tier I Capital Ratio (%)	14.29	15.39
Consolidated Capital Adequacy Ratio (%)	16.87	17.81
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.130	4.635
a) Capital Conservation Buffer Ratio (%)	2.500	2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.130	0.135
c) Systemically Important Banks Buffer Ratio (%)	1.500	2.000
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	8.287	9.808
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	3,681,400	1,903,531

	<i>Current Period</i>	<i>Prior Period</i>
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)	12,839,046	6,235,618
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4,623,236	3,756,696
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 08 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.

The Bank does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 31 December 2020. In case of applying the measures, consolidated capital adequacy ratio rises to 17.43% as of 31 December 2020.

The Bank plans its Common Equity Tier 1 (CET1) Capital by considering 10% as the minimum target while considering its additional CET 1 requirements during the phase-in period due to aforementioned regulations.

4.1.2 Items included in capital calculation

<i>Current Period</i>	<i>Information about instruments included in total capital calculation</i>		
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)	5,535 (31 December 2019: 4,441)	253 (31 December 2019: 253)	750
Nominal value of instrument (TL million)	5,535 (31 December 2019: 4,441)	253 (31 December 2019: 253)	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 incompliance 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.

4.1.3 Reconciliation of capital items to balance sheet

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value at capital report</i>	<i>Explanation of differences</i>
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
<i>Other Capital Reserves</i>	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Bonus Shares of Associates, Subsidiaries and Joint-Ventures</i>	-	-	-	
<i>Share Premium</i>	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
<i>Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss</i>	1,712,571	-	1,712,571	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	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	
<i>Prior Periods' Profit/Loss</i>	208,276	-	208,276	
<i>Current Period Net Profit/Loss</i>	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	

<i>Prior Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value at capital report</i>	<i>Explanation of differences</i>
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
<i>Other Capital Reserves</i>	<i>772,554</i>	<i>(772,554)</i>	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Bonus Shares of Associates, Subsidiaries and Joint-Ventures</i>	-	-	-	
<i>Share Premium</i>	<i>11,880</i>	-	<i>11,880</i>	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	3,014,560	472,138	3,486,698	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
<i>Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss</i>	<i>1,644,439</i>	-	<i>1,644,439</i>	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	<i>1,370,121</i>	<i>472,138</i>	<i>1,842,259</i>	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	39,612,929	-	39,612,929	
Profit or Loss	6,164,914	-	6,164,914	
<i>Prior Periods' Profit/Loss</i>	-	-	-	
<i>Current Period Net Profit/Loss</i>	<i>6,164,914</i>	-	<i>6,164,914</i>	
Minority Interest	273,910	(195,367)	78,543	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		619,410	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	54,050,747		53,708,108	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			53,708,108	
Subordinated Debts			4,693,480	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			3,756,696	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			8,450,176	
Deductions from Total Capital (-)			7,930	Deductions from Capital as per the Regulation
Total			62,150,354	

4.2 Consolidated credit risk

Credit risk is defined as risks and losses that may occur if the counterparty that the Bank or its consolidated financial affiliates work with, fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed on a monthly basis.

Credit worthiness of debtors is periodically reviewed in compliance with the legislation and in case that the risk level of debtor deteriorates, the credit limits are revised and further collateral is required by risk rating models developed and optimized for this purpose. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. This is in line with the concentration of industrial and commercial activities in Turkey.

In accordance with the lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; like cash collateral, bank guarantees, mortgages, pledges, bills and personal or corporate guarantees.

There are control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from market fluctuations. The risk arising from such instruments are followed up and when necessary, the actions to decrease it are taken.

The liquidated non-cash loans are subject to the same risk weight with the overdue loans.

Foreign trade finance and other interbank credit transactions are performed through widespread correspondents network. Accordingly, limits are assigned to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank developed a statistical-based internal default rate model for its credit portfolio of corporate/commercial/medium-size companies. This internal default rate model is used for expected credit loss of the Bank. Risk rating system which has been used for both to determine branch managers' credit authorization limits and in credit assessment process, is also used in default rate model calculations.

The concentration table of the cash and non-cash loans for the Bank according to the risk rating system for its customers defined as corporate, commercial and medium-size enterprises is presented below:

	<i>Current Period</i>	<i>Prior Period</i>
	<i>%</i>	<i>%</i>
Above Average	5.12	4.78
Average	33.28	37.87
Below Average	61.60	57.35
Total	100.00	100.00

Exposure Categories	Current Period (*)	Average (**)	Prior Period (*)	Average (**)
Conditional and unconditional exposures to central governments or central banks	131,778,909	123,493,255	103,734,118	107,513,717
Conditional and unconditional exposures to regional governments or local authorities	1,331,960	1,078,311	647,572	390,746
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	197,353	222,656	301,778	324,717
Conditional and unconditional exposures to multilateral development banks	1,477,617	1,325,489	2,081,605	3,194,797
Conditional and unconditional exposures to international organisations	-	-	-	26,322
Conditional and unconditional exposures to banks and brokerage houses	49,626,954	53,192,025	52,716,456	47,888,934
Conditional and unconditional exposures to corporates	237,424,397	214,948,006	175,631,925	170,758,248
Conditional and unconditional retail exposures	127,372,548	114,962,382	102,306,150	95,801,876
Conditional and unconditional exposures secured by real estate property	32,029,906	34,243,661	31,029,824	34,273,054
Past due items	5,270,867	6,061,327	6,511,249	5,593,172
Items in regulatory high-risk categories	981,045	1,086,353	1,336,572	1,544,602
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	23,030	25,973	25,340	25,229
Shares	436,404	532,605	816,500	473,480
Other items	24,281,191	23,620,706	17,134,759	17,170,650

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical averages of the amounts in monthly reports prepared as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

The parent Bank and its financial affiliates' largest 100 and 200 cash loan customers compose 25.26% (31 December 2019: 24.56%) and 31.73% (31 December 2019 : 30.59%) of the total cash loan portfolio except factoring and lease receivables, respectively.

The parent Bank and its financial affiliates' largest 100 and 200 non-cash loan customers compose 34.54% (31 December 2019: 38.01%) and 46.49% (31 December 2019: 49.43%) of the total non-cash loan portfolio, respectively.

The parent Bank and its financial affiliates' largest 100 ve 200 cash and non-cash loan customers represent 8.35% (31 December 2019: 8.17%) and 10.77% (31 December 2019: 9.94%) of the total "on and off balance sheet" assets except factoring and lease receivables, respectively.

Stage 1 and Stage 2 expected losses for consolidated credit risk amount to TL 12,702,385 (31 December 2019: TL 6,149,560).

4.2.1 Profile of significant exposures in major regions

<i>Current Period</i> ^(*)	Exposure Categories							
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Other	Total
Domestic	115,760,274	17,572,021	209,474,373	120,819,994	28,590,016	5,050,446	25,456,358	522,723,482
European Union (EU) Countries	14,207,305	22,087,393	19,795,489	6,051,071	3,373,429	217,116	2,934,346	68,666,149
OECD Countries ^(**)	71,755	1,226,027	4,090,491	11,491	13,652	243	20,181	5,433,840
Off-Shore Banking Regions	-	403,427	58,058	331	312	-	-	462,128
USA, Canada	953	6,898,166	1,368,667	16,383	22,108	142	-	8,306,419
Other Countries	1,738,622	1,421,194	2,552,404	473,278	30,389	2,920	151,220	6,370,027
Associates, Subsidiaries and Joint –Ventures	-	18,726	84,915	-	-	-	166,495	270,136
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	-	-
Total	131,778,909	49,626,954	237,424,397	127,372,548	32,029,906	5,270,867	28,728,600	612,232,181

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liability items that cannot be allocated on a consistent basis

<i>Prior Period</i> ^(*)	Exposure Categories							
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Other	Total
Domestic	90,064,059	16,312,602	155,069,266	96,819,453	28,486,576	6,281,533	18,950,489	411,983,978
European Union (EU) Countries	12,255,848	30,147,934	13,512,231	5,047,772	2,486,662	221,750	3,151,857	66,824,054
OECD Countries ^(**)	72	1,182,782	3,663,532	13,065	11,541	2	29,170	4,900,164
Off-Shore Banking Regions	-	15,327	583,472	55	1,135	-	310	600,299
USA, Canada	766	4,385,742	1,164,442	7,758	12,492	4,116	155	5,575,471
Other Countries	1,413,373	631,809	1,565,732	418,047	31,418	3,848	58,291	4,122,518
Associates, Subsidiaries and Joint –Ventures	-	40,260	73,250	-	-	-	153,854	267,364
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	-	-
Total	103,734,118	52,716,456	175,631,925	102,306,150	31,029,824	6,511,249	22,344,126	494,273,848

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liability items that cannot be allocated on a consistent basis

4.2.2 Risk profile by sectors or counterparties

	Exposure Categories																			
Current Period ^(*)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agriculture	-	20	-	-	-	-	3,964,623	781,349	304,410	21,459	26,559	-	-	-	-	-	-	1,514,185	3,584,235	5,098,420
Farming and Stockbreeding	-	-	-	-	-	-	3,298,786	579,793	271,226	15,382	24,821	-	-	-	-	-	-	1,278,521	2,911,487	4,190,008
Forestry	-	20	-	-	-	-	156,559	165,776	26,405	5,050	1,420	-	-	-	-	-	-	130,596	224,634	355,230
Fishery	-	-	-	-	-	-	509,278	35,780	6,779	1,027	318	-	-	-	-	-	-	105,068	448,114	553,182
Manufacturing	-	-	52,833	-	-	-	108,657,962	11,745,379	5,730,921	1,908,628	144,398	-	-	-	-	-	-	51,648,580	76,591,541	128,240,121
Mining and Quarrying	-	-	-	-	-	-	4,152,738	402,105	182,097	4,265	1,307	-	-	-	-	-	-	1,823,025	2,919,487	4,742,512
Production	-	-	7	-	-	-	64,264,393	11,054,375	4,206,245	357,321	53,892	-	-	-	-	-	-	40,248,597	39,687,636	79,936,233
Electricity, Gas and Water	-	-	52,826	-	-	-	40,240,831	288,899	1,342,579	1,547,042	89,199	-	-	-	-	-	-	9,576,958	33,984,418	43,561,376
Construction	-	-	-	-	-	-	14,359,495	3,442,234	1,052,408	278,304	220,994	-	-	-	-	-	-	7,530,898	11,822,537	19,353,435
Services	96,457	-	6,966	1,477,617	-	49,626,954	103,691,102	100,937,022	21,090,920	2,957,369	294,405	-	-	-	23,030	301,031	-	174,272,187	106,230,686	280,502,873
Wholesale and Retail Trade	-	-	144	-	-	-	46,414,228	90,635,516	16,252,688	1,248,222	161,194	-	-	-	-	-	-	128,705,362	26,006,630	154,711,992
Accommodation and Dining	-	-	2,709	-	-	-	8,581,940	2,566,009	2,602,855	146,311	18,641	-	-	-	-	-	-	5,624,205	8,294,260	13,918,465
Transportation and Telecommunication	-	-	171	-	-	-	23,330,881	4,310,066	600,398	552,437	22,823	-	-	-	-	-	-	8,688,127	20,128,649	28,816,776
Financial Institutions	95,204	-	-	1,477,617	-	49,626,954	15,010,705	256,246	169,298	2,234	59,286	-	-	-	23,030	301,031	-	22,456,308	44,565,297	67,021,605
Real Estate and Rental Services	12	-	4	-	-	-	7,697,613	2,348,813	978,214	996,715	30,522	-	-	-	-	-	-	6,156,749	5,895,144	12,051,893
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	2,365	-	-	-	604,102	266,497	233,459	7,431	1,146	-	-	-	-	-	-	899,935	215,065	1,115,000
Health and Social Services	1,241	-	1,573	-	-	-	2,051,633	553,875	254,008	4,019	793	-	-	-	-	-	-	1,741,501	1,125,641	2,867,142
Others	131,682,452	1,331,940	137,554	-	-	-	6,751,215	10,466,564	3,851,247	105,107	294,689	-	-	-	-	135,373	24,281,191	60,645,776	118,391,556	179,037,332
Total	131,778,909	1,331,960	197,353	1,477,617	-	49,626,954	237,424,397	127,372,548	32,029,906	5,270,867	981,045	-	-	-	23,030	436,404	24,281,191	295,611,626	316,620,555	612,232,181

	Exposure Categories																			
Prior Period ^(*)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agriculture	-	-	-	-	-	-	2,790,140	710,802	265,869	35,218	38,727	-	-	-	-	-	-	1,214,002	2,626,754	3,840,756
Farming and Stockbreeding	-	-	-	-	-	-	2,249,853	550,837	229,105	28,043	37,714	-	-	-	-	-	-	998,077	2,097,475	3,095,552
Forestry	-	-	-	-	-	-	134,339	127,605	33,926	5,069	570	-	-	-	-	-	-	121,394	180,115	301,509
Fishery	-	-	-	-	-	-	405,948	32,360	2,838	2,106	443	-	-	-	-	-	-	94,531	349,164	443,695
Manufacturing	-	-	49,437	-	-	-	82,461,537	10,349,897	5,933,945	2,470,144	233,548	-	-	-	-	-	-	37,124,903	64,373,605	101,498,508
Mining and Quarrying	-	-	-	-	-	-	2,828,766	412,407	62,688	11,746	4,001	-	-	-	-	-	-	1,284,214	2,035,394	3,319,608
Production	-	-	17	-	-	-	47,627,228	9,666,329	3,975,122	774,126	120,797	-	-	-	-	-	-	29,180,623	32,982,996	62,163,619
Electricity, Gas and Water	-	-	49,420	-	-	-	32,005,543	271,161	1,896,135	1,684,272	108,750	-	-	-	-	-	-	6,660,066	29,355,215	36,015,281
Construction	-	-	16	-	-	-	8,232,966	3,777,972	1,314,919	484,739	342,684	-	-	-	-	-	-	7,762,427	6,390,869	14,153,296
Services	2,011,057	-	1,804	2,081,605	-	52,716,456	69,549,131	79,129,650	20,549,540	3,305,265	483,325	-	-	-	25,340	32,328	-	177,202,852	52,682,649	229,885,501
Wholesale and Retail Trade	-	-	338	-	-	-	34,084,713	71,496,706	15,775,083	1,592,131	267,004	-	-	-	-	-	-	100,772,483	22,443,492	123,215,975
Accommodation and Dining	-	-	264	-	-	-	4,743,124	2,072,042	2,977,650	158,950	41,108	-	-	-	-	-	-	3,804,757	6,188,381	9,993,138
Transportation and Telecommunication	-	-	171	-	-	-	12,659,002	3,373,201	541,212	641,571	101,205	-	-	-	-	-	-	5,428,657	11,887,705	17,316,362
Financial Institutions	2,010,011	-	-	2,081,605	-	52,716,456	8,918,826	210,775	43,488	10,478	41,786	-	-	-	25,340	32,328	-	62,282,440	3,808,653	66,091,093
Real Estate and Rental Services	-	-	-	-	-	-	4,399,211	1,244,258	781,231	874,518	23,116	-	-	-	-	-	-	2,792,457	4,529,877	7,322,334
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	993	-	-	-	549,161	250,725	246,737	18,722	6,947	-	-	-	-	-	-	888,752	184,533	1,073,285
Health and Social Services	1,046	-	38	-	-	-	4,195,094	481,943	184,139	8,895	2,159	-	-	-	-	-	-	1,233,306	3,640,008	4,873,314
Others	101,723,061	647,572	250,521	-	-	-	12,598,151	8,337,829	2,965,551	215,883	238,288	-	-	-	-	784,172	17,134,759	57,898,180	86,997,607	144,895,787
Total	103,734,118	647,572	301,778	2,081,605	-	52,716,456	175,631,925	102,306,150	31,029,824	6,511,249	1,336,572	-	-	-	25,340	816,500	17,134,759	281,202,364	213,071,484	494,273,848

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organisations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional retail exposures
- 9- Conditional and unconditional exposures secured by real estate property
- 10- Past due receivables
- 11- Receivables in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Securitisation positions
- 14- Short term exposures to banks, brokerage houses and corporates
- 15- Exposures in the form of collective investment undertakings
- 16- Shares
- 17- Other receivable

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

<i>Current Period</i>		Term To Maturity					Demand	Total
Exposure Categories (*)		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	27,870,980	4,156,076	4,476,768	5,359,994	64,052,103	25,862,988	131,778,909
2	Conditional and unconditional exposures to regional governments or local authorities	-	15,392	3,044	471,767	841,754	3	1,331,960
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	605	401	24	16,559	107,025	72,739	197,353
4	Conditional and unconditional exposures to multilateral development banks	-	111,075	-	58,011	1,308,531	-	1,477,617
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	10,584,354	15,090,968	2,597,246	2,027,723	13,944,975	5,381,688	49,626,954
7	Conditional and unconditional exposures to corporates	11,049,863	23,150,277	30,253,607	33,151,428	129,090,449	10,728,773	237,424,397
8	Conditional and unconditional retail exposures	12,551,367	8,583,188	7,337,652	9,458,349	67,027,797	22,414,195	127,372,548
9	Conditional and unconditional exposures secured by real estate property	265,406	642,340	1,195,459	1,777,273	27,007,293	1,142,135	32,029,906
10	Past due items	-	-	-	-	-	5,270,867	5,270,867
11	Items in regulatory high-risk categories	284,637	39,194	105,123	38,628	299,604	213,859	981,045
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	23,030	23,030
16	Shares	-	-	-	-	-	436,404	436,404
17	Other items	68,512	781,571	-	-	-	23,431,108	24,281,191
	Total	62,675,724	52,570,482	45,968,923	52,359,732	303,679,531	94,977,789	612,232,181

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

<i>Prior Period</i>		Term To Maturity					Demand	Total
Exposure Categories (*)		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
1	Conditional and unconditional exposures to central governments or central banks	22,777,039	7,824,647	5,423,010	1,138,353	47,636,593	18,934,476	103,734,118
2	Conditional and unconditional exposures to regional governments or local authorities	5,480	12,526	2,265	142,531	483,727	1,043	647,572
3	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	16,619	51,701	51,914	60,462	111,681	9,401	301,778
4	Conditional and unconditional exposures to multilateral development banks	51,446	49,486	-	54,663	1,926,010	-	2,081,605
5	Conditional and unconditional exposures to international organisations	-	-	-	-	-	-	-
6	Conditional and unconditional exposures to banks and brokerage houses	15,314,177	9,533,021	1,367,441	1,645,015	23,314,232	1,542,570	52,716,456
7	Conditional and unconditional exposures to corporates	14,447,939	13,764,977	13,220,277	25,224,129	101,672,613	7,301,990	175,631,925
8	Conditional and unconditional retail exposures	10,370,469	6,318,500	4,342,706	7,261,717	54,189,362	19,823,396	102,306,150
9	Conditional and unconditional exposures secured by real estate property	789,281	614,427	892,761	1,745,698	25,744,072	1,243,585	31,029,824
10	Past due items	-	-	-	-	-	6,511,249	6,511,249
11	Items in regulatory high-risk categories	397,831	12,251	63,363	95,068	441,686	326,373	1,336,572
12	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-
13	Securitisation positions	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	25,340	25,340
16	Shares	12,501	-	-	-	-	803,999	816,500
17	Other items	58,118	985,573	-	-	-	16,091,068	17,134,759
Total		64,240,900	39,167,109	25,363,737	37,367,636	255,519,976	72,614,490	494,273,848

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.4 Exposure categories

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

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

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

In the determination of risk weights for items that are not included in trading book; if a relevant rating is available then such rating, but if it is an unrated exposure then the rating available for the issuer is used.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposure Categories			
		Exposures to Central Governments or Central Banks	Exposures to Banks and Brokerage Houses		Exposures to Corporates
			Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months	
1	AAA to AA-				
2	A+ to A-				
3	BBB+ to BBB-				
4	BB+ to BB-				
5	B+ to B-				
6	CCC+ and below				

4.2.5 Exposures by risk weights

The total amount of exposures corresponding to each class of risk weight before and after credit risk mitigation and the deductions from equity as defined in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks Appendix-1 are presented below:

Current Period	0%	2%	10%	20%	35%	50%	75%	100%	150%	200%	250 %	Deductions from Equity
Risk Weights												
Exposures before Credit Risk Mitigation	139,328,058	8,253,448	-	23,637,578	17,183,980	47,810,074	127,362,453	248,327,924	328,666	-	-	718,023
Exposures after Credit Risk Mitigation	146,530,574	249,526	-	22,991,213	17,170,271	41,827,346	119,932,185	244,470,508	328,279	-	-	718,023

Prior Period	0%	2%	10%	20%	35%	50%	75%	100%	150%	200%	250 %	Deductions from Equity
Risk Weights												
Exposures before Credit Risk Mitigation	93,195,155	-	-	26,229,507	15,929,461	48,435,216	102,290,270	207,565,704	628,535	-	-	627,340
Exposures after Credit Risk Mitigation	102,857,143	-	-	15,526,009	15,920,719	28,300,000	93,859,384	204,820,246	601,341	-	-	627,340

4.2.6 Information by major sectors and type of counterparties

Financial assets are assessed in 3 stages based on TFRS 9 as explained in accounting policy note 3.8.1 “Calculation of expected credit losses”. In this respect, the life time expected credit losses are recognized for impaired loans (Stage 3) and the probability of default is considered to be 100%.

When the loan is not under default yet, but there is a significant increase in the credit risk since origination date, the life time expected credit losses are calculated for these loans (stage 2).

Regarding the remaining financial assets within the scope of TFRS 9, the 12-month estimated probability of default is calculated and the loss allowance for these loans (stage 1) is measured at an amount equal to 12-month (after the reporting date) expected credit losses.

<i>Current Period</i>	Loans		TFRS 9 Expected Credit Losses
	<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>Defaulted (Stage 3)</i>	
Agriculture	350,161	173,628	158,475
Farming and Stockbreeding	99,690	136,657	102,417
Forestry	52,887	29,723	30,922
Fishery	197,584	7,248	25,136
Manufacturing	21,319,083	5,238,007	7,614,535
Mining and Quarrying	269,448	36,781	49,219
Production	10,226,380	1,574,866	3,213,365
Electricity, Gas and Water	10,823,255	3,626,360	4,351,951
Construction	3,266,949	1,691,061	1,421,158
Services	17,604,880	6,848,200	7,073,461
Wholesale and Retail Trade	6,795,254	2,099,028	2,294,678
Accommodation and Dining	2,311,665	418,978	605,597
Transportation and Telecommunication	2,054,486	1,919,166	1,484,689
Financial Institutions	995,814	95,816	375,479
Real Estate and Rental Services	4,772,220	2,133,045	2,074,765
Professional Services	8,872	3,245	3,567
Educational Services	368,779	144,472	187,609
Health and Social Services	297,790	34,450	47,077
Others	27,148,071	3,601,444	4,159,820
Total	69,689,144	17,552,340	20,427,449

<i>Prior Period</i>	Loans		TFRS 9 Expected Credit Losses
	<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>Defaulted (Stage 3)</i>	
Agriculture	366,167	177,328	138,114
Farming and Stockbreeding	114,963	153,694	101,550
Forestry	61,310	15,805	15,003
Fishery	189,894	7,829	21,561
Manufacturing	17,007,393	6,797,971	6,213,572
Mining and Quarrying	227,898	115,228	126,180
Production	8,234,096	2,342,806	2,560,093
Electricity, Gas and Water	8,545,399	4,339,937	3,527,299
Construction	2,569,085	2,331,665	1,436,934
Services	11,790,454	7,110,982	5,474,728
Wholesale and Retail Trade	5,475,815	2,629,435	2,091,796
Accommodation and Dining	1,182,052	421,037	325,130
Transportation and Telecommunication	1,539,810	1,958,880	1,384,040
Financial Institutions	657,537	98,337	243,355
Real Estate and Rental Services	2,437,043	1,804,054	1,235,475
Professional Services	5,549	1,820	1,669
Educational Services	292,545	145,438	140,531
Health and Social Services	200,103	51,981	52,732
Others	13,676,163	4,632,130	3,929,198
Total	45,409,262	21,050,076	17,192,546

4.2.7 Movements in value adjustments and provisions

	<i>Current Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1	Stage 3. Provisions	12,853,350	4,722,139	1,805,393	4,684,286	11,085,810
2	Stage 1 and Stage 2 Provisions	6,148,056	9,792,260	3,188,142	49,789	12,702,385

	<i>Prior Period</i>	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1	Stage 3. Provisions	8,455,948	7,788,449	1,261,229	2,129,818	12,853,350
2	Stage 1 and Stage 2 Provisions	5,478,236	3,596,195	2,889,352	37,023	6,148,056

(*) Includes also foreign exchange losses and transfers.

4.2.8 Exposures subject to countercyclical capital buffer

<i>Current Period</i> Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	298,590,730	3,353,704	301,944,434
Romania	12,448,844	-	12,448,844
Switzerland	3,676,130	-	3,676,130
United Kingdom	3,373,826	137,996	3,511,822
the Netherlands	3,116,065	-	3,116,065
Germany	2,029,278	-	2,029,278
United States of America	1,370,081	-	1,370,081
NCTR	1,059,804	-	1,059,804
France	1,013,507	-	1,013,507
Other	6,899,154	-	6,899,154
Total	333,577,419	3,491,700	337,069,119

<i>Prior Period</i> Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	231,916,453	1,583,698	233,500,151
Romania	8,858,687	-	8,858,687
Switzerland	3,253,422	-	3,253,422
the Netherlands	2,121,740	-	2,121,740
Germany	2,038,508	-	2,038,508
United Kingdom	1,645,722	117,613	1,763,335
United States of America	1,222,374	-	1,222,374
NCTR	1,149,890	-	1,149,890
France	808,530	-	808,530
Other	4,850,616	-	4,850,616
Total	257,865,942	1,701,311	259,567,253

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 December 2020, the Bank and its financial subsidiaries' net 'on balance sheet' foreign currency short position amounts to TL 35,256,691 (31 December 2019: TL 25,733,470), net 'off-balance sheet' foreign currency long position amounts to TL 48,572,126 (31 December 2019: TL 29,974,139), while net foreign currency close position amounts to TL 13,315,435 (31 December 2019: TL 4,240,669).

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	9.0530	7.3800
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	9.0126	7.3333
Day 2	8.9800	7.3223
Day 3	9.0562	7.4040
Day 4	9.1855	7.5298
Day 5	9.1906	7.5410
Last 30-days arithmetical average rate	9.3324	7.6632

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	16,879,372	21,018,571	10,824,282	48,722,225
Banks	8,922,849	7,336,095	5,319,622	21,578,566
Financial Assets Measured at Fair Value through Profit/Loss	89,062	5,253,940	1,683,507	7,026,509
Money Market Placements	1,423,469	239,378	-	1,662,847
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,099,658	8,041,993	2,063,366	14,205,017
Loans (*)	70,959,981	60,101,102	10,669,510	141,730,593
Investments in Associates, Subsidiaries and Joint-Ventures	4,796	-	1,309	6,105
Financial Assets Measured at Amortised Cost	486,006	10,088,921	-	10,574,927
Derivative Financial Assets Held for Hedging Purpose	6,977	2,500	-	9,477
Tangible Assets	288,836	267	205,905	495,008
Intangible Assets (**)	-	-	-	-
Other Assets (***)	3,351,642	5,535,323	(134,034)	8,752,931
Total Assets	106,512,648	117,618,090	30,633,467	254,764,205
Liabilities				
Bank Deposits	236,065	388,581	14,661	639,307
Foreign Currency Deposits	71,923,308	106,327,230	15,054,275	193,304,813
Money Market Funds	1,261,825	803,838	199	2,065,862
Other Fundings	12,410,866	11,718,569	259,780	24,389,215
Securities Issued (****)	1,328,815	37,101,210	-	38,430,025
Miscellaneous Payables	302,694	652,644	94,056	1,049,394
Derivative Financial Liabilities Held for Hedging Purpose	88,702	608,503	-	697,205
Other Liabilities (*****)	1,957,816	5,277,425	22,209,834	29,445,075
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	-	-	-	-
Prior Period				
Total Assets	87,178,444	91,635,420	22,961,655	201,775,519
Total Liabilities	74,830,485	134,916,665	17,761,839	227,508,989
Net 'On Balance Sheet' Position	12,347,959	(43,281,245)	5,199,816	(25,733,470)
Net 'Off-Balance Sheet' Position	(9,993,898)	43,385,166	(3,417,129)	29,974,139
Derivative Assets	11,786,083	69,718,270	2,243,021	83,747,374
Derivative Liabilities	21,779,981	26,333,104	5,660,150	53,773,235
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 561,490 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 21,925,380 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.

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

<i>Current Period</i>	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	14,030,534	22,361,535
Financial Assets Measured 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	13,627,845	14,049,522
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 securities issued having qualification of subordinated loan presented under subordinated debts and financial liabilities measured at FVTPL in the balance sheet.

<i>Prior Period</i>	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	18,669,286	-	-	-	-	23,356,020	42,025,306
Banks	7,607,129	204,673	38,001	-	49,666	11,682,720	19,582,189
Financial Assets at Fair Value through Profit/Loss	162,932	2,122	4,559,767	115,734	47,443	331,302	5,219,300
Money Market Placements	10,473,078	-	183,057	-	-	3,321	10,659,456
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,836,846	8,269,584	3,779,897	3,814,246	6,329,726	4,613,230	28,643,529
Loans	67,919,914	30,635,241	84,522,740	75,044,373	13,170,396	14,828,252	286,120,916
Financial Assets Measured at Amortised Cost	1,705,276	2,031,797	9,178,118	1,719,979	5,550,466	7,534,706	27,720,342
Other Assets ^(**)	53,957	57,055	140,555	50,327	5,246	8,275,970	8,583,110
Total Assets	108,428,418	41,200,472	102,402,135	80,744,659	25,152,943	70,625,521	428,554,148
Liabilities							
Bank Deposits	288,927	53,348	3,981	-	-	2,322,495	2,668,751
Other Deposits	153,121,106	22,127,458	19,178,055	3,062,930	153,616	76,965,409	274,608,574
Money Market Funds	356,594	480,547	475,017	388,149	80,041	6,513	1,786,861
Miscellaneous Payables	-	-	-	-	-	12,120,716	12,120,716
Securities Issued ^(***)	11,574,256	2,785,827	444,060	12,166,439	12,748,182	379,773	40,098,537
Other Fundings	2,382,353	7,074,999	12,603,169	3,162,191	399,347	-	25,622,059
Other Liabilities	21,599	51,352	154,743	569,144	223,363	70,628,449	71,648,650
Total Liabilities	167,744,835	32,573,531	32,859,025	19,348,853	13,604,549	162,423,355	428,554,148
On Balance Sheet Long Position	-	8,626,941	69,543,110	61,395,806	11,548,394	-	151,114,251
On Balance Sheet Short Position	(59,316,417)	-	-	-	-	(91,797,834)	(151,114,251)
Off-Balance Sheet Long Position	18,673,764	27,453,300	7,880,591	6,934,931	11,888,589	-	72,831,175
Off-Balance Sheet Short Position	(2,004,557)	(15,559,267)	(9,269,957)	(23,424,918)	(20,239,414)	-	(70,498,113)
Total Position	(42,647,210)	20,520,974	68,153,744	44,905,819	3,197,569	(91,797,834)	2,333,062

^(*) 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 .

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)	-	-	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	-	0.09-18.50
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

Prior Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.01-4.50	1.53-5.25	-	8.64-13.00
Financial Assets at Fair Value through Profit/Loss	1.74	3.30-5.50	-	3.00-20.40
Money Market Placements	-	1.62	-	8.94-11.38
Financial Assets Measured at Fair Value through Other Comprehensive Income	0.63-11.88	3.25-11.88	-	11.59-24.14
Loans	0.12-15.00	1.84-15.00	-	9.90-33.35
Financial Assets Measured at Amortised Cost	1.41	5.19	-	16.22
Liabilities				
Bank Deposits	(0.46)	1.70-1.75	-	8.68-14.50
Other Deposits	0.05-7.00	0.75-3.75	0.17	7.00-22.00
Money Market Fundings	0.06-0.18	2.62-3.68	-	6.50-22.20
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.83	-	12.16
Other Fundings	0.30-5.50	2.41-5.08	-	10.50-19.97

(*) Lease receivables and factoring receivables are included.

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

<i>Current Period</i>		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	-	-	-

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- Grade A	126,415	-	-
	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

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

<i>Prior Period</i>		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	-	-	-	22,270	-	22,270
3	Other Shares	-	205,079	205,079	-	-	-
Total		-	205,079	205,079	22,270	-	22,270

4.5.4 Capital requirement as per equity shares

<i>Current Period</i>				
	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

<i>Prior Period</i>				
	Portfolio	Carrying Value	RWA Total	Minimum Capital Requirement
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	153,854	153,854	12,308
	Total	153,854	153,854	12,308

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 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 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 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. Customers’ gold deposit also increases in high level and becomes an important funding source in 2020. 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. Swap transactions which is made for TL funding are made with CBRT, however swap transactions with foreign banks are also started to grow again due to increases in swap limits in the recent period. On the other hand, 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 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.

Also there is an increase in loan demands within the effects of COVID-19 outbreak 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 7.59% cash, 34.27% deposits in central banks and 58.14% 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 79.66% deposits, 6.63% funds borrowed and money market borrowings and 10.13% securities issued.

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.

<i>Current Period</i>		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:				
3	Stable deposits	261,075,463	162,270,256	24,046,422	16,165,448
4	Less stable deposits	41,222,484	1,231,545	2,061,124	61,577
5	Unsecured wholesale funding, of which:	219,852,979	161,038,711	21,985,298	16,103,871
6	Operational deposits	102,101,201	59,125,079	52,434,274	28,699,864
7	Non-operational deposits	-	-	-	-
8	Unsecured funding	82,317,838	51,632,393	36,990,764	22,256,103
9	Secured wholesale funding	19,783,363	7,492,686	15,443,510	6,443,761
10	Other cash outflows of which:	845,156	-	538,803	-
11	Outflows related to derivative exposures and other collateral requirements	148,726,089	53,443,587	24,239,896	20,394,324
12	Outflows related to restructured financial instruments	11,786,346	14,967,811	11,786,346	14,967,811
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	136,939,743	38,475,776	12,453,550	5,426,513
15	Other irrevocable or conditionally revocable off-balance sheet obligations	1,290,631	606,577	64,532	30,329
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 of 2020's consolidated Liquidity Ratios:

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%

Prior Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			102,661,331	58,434,851
1 Total high-quality liquid assets (HQLA)	102,726,999	58,434,851	102,661,331	58,434,851
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	198,936,623	112,578,951	18,090,913	11,218,920
3 Stable deposits	36,054,970	779,512	1,802,748	38,976
4 Less stable deposits	162,881,653	111,799,439	16,288,165	11,179,944
5 Unsecured wholesale funding, of which:	70,651,966	42,091,670	38,814,766	21,585,616
6 Operational deposits	-	-	-	-
7 Non-operational deposits	53,075,112	36,215,435	25,042,213	16,891,126
8 Unsecured funding	17,576,854	5,876,235	13,772,553	4,694,490
9 Secured wholesale funding	117,697	-	99,823	-
10 Other cash outflows of which:	113,273,786	35,261,409	14,940,052	10,840,072
11 Outflows related to derivative exposures and other collateral requirements	5,207,995	6,681,664	5,207,995	6,681,664
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	108,065,791	28,579,745	9,732,057	4,158,408
14 Other revocable off-balance sheet commitments and contractual obligations	640,495	477,354	32,025	23,868
15 Other irrevocable or conditionally revocable off-balance sheet obligations	11,864,302	11,635,436	593,215	581,772
16 Total Cash Outflows	395,484,869	202,044,820	72,570,794	44,250,248
Cash Inflows				
17 Secured receivables	29,136	-	-	-
18 Unsecured receivables	32,700,272	15,165,901	22,708,645	11,362,322
19 Other cash inflows	204,131	4,450,127	178,217	4,446,090
20 Total Cash Inflows	32,933,539	19,616,028	22,886,862	15,808,412
			Upper Limit Applied Values	
21 Total HQLA			102,661,331	58,434,851
22 Total Net Cash Outflows			49,683,933	28,441,834
23 Liquidity Coverage Ratio (%)			207.25%	207.18%

(*) 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 2019 :

Period	TL+FC	FC
31 October 2019	206.61%	220.36%
30 November 2019	202.15%	193.72%
31 December 2019	212.98%	207.47%

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	29,709,047	26,010,300	-	-	-	-	-	55,719,347
Banks	19,225,068	2,702,931	146,190	221,791	179	65,376	-	22,361,535
Financial Assets at Fair Value through Profit/Loss	829,053	82,917	52,381	6,417,266	952,513	36,770	11,831	8,382,731
Money Market Placements	-	8,670,118	797,292	239,378	-	-	-	9,706,788
Financial Assets Measured at Fair Value through Other Comprehensive Income	312,816	1,180,542	1,016,939	3,949,123	20,588,182	9,737,963	-	36,785,565
Loans	806,195	51,414,549	35,485,849	103,386,150	119,435,465	29,248,076	20,892,122	360,668,406
Financial Assets Measured at Amortised Cost	-	248,147	143,453	3,137,851	21,078,875	8,630,585	-	33,238,911
Other Assets (*)	15,277,736	2,912,466	905,445	72,520	881,126	1,556,835	(7,556,606)	14,049,522
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
Liabilities								
Bank Deposits	733,952	619,078	725	-	-	-	-	1,353,755
Other Deposits	155,406,072	147,313,213	36,329,328	13,749,188	3,779,900	168,892	-	356,746,593
Other Fundings	-	3,347,255	1,308,692	16,088,681	3,559,242	2,316,313	-	26,620,183
Money Market Funds	-	701,035	1,000,086	188,186	1,274,671	-	-	3,163,978
Securities Issued (**)	-	1,562,878	4,700,295	1,565,262	18,979,268	18,746,286	-	45,553,989
Miscellaneous Payables	14,937,943	603,171	101,770	114,109	5,480	317	333,756	16,096,546
Other Liabilities (***)	3,676,276	2,526,644	4,233,375	659,399	1,602,133	3,668,970	75,010,964	91,377,761
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
Prior Period								
Total Assets	47,136,807	84,274,331	26,606,890	82,867,835	126,441,307	44,101,992	17,124,986	428,554,148
Total Liabilities	103,366,813	150,350,913	28,660,549	38,494,851	25,635,961	19,996,329	62,048,732	428,554,148
Liquidity Gap	(56,230,006)	(66,076,582)	(2,053,659)	44,372,984	100,805,346	24,105,663	(44,923,746)	-
Net Off-Balance Sheet Position	-	287,376	(858,366)	359,378	1,070,563	207,299	-	1,066,250
Derivative Financial Assets	-	51,261,495	28,040,734	19,898,125	8,708,458	2,186,048	-	110,094,860
Derivative Financial Liabilities	-	50,974,119	28,899,100	19,538,747	7,637,895	1,978,749	-	109,028,610
Non-Cash Loans	-	16,323,278	1,895,379	2,290,557	2,677,487	78,732	116,504,472	139,769,905

(*) 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.

Contractual maturity analysis of liabilities according to remaining maturities

The remaining maturities table of the contractual liabilities includes the undiscounted future cash outflows for the principal amounts of the Bank and its financial subsidiaries' financial liabilities as per their earliest likely contractual maturities.

<i>Current Period</i>	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	1,353,755	1,353,512	733,952	618,842	718	-	-	-
Other Deposits	356,746,593	356,047,201	155,402,982	146,812,017	36,212,328	13,682,681	3,769,080	168,113
Other Fundings	26,620,183	24,904,490	-	3,314,744	1,311,658	14,654,570	3,646,566	1,976,952
Interbank Money Market Takings	3,163,978	3,153,798	199	696,442	997,404	186,182	1,273,571	-
Securities Issued (*)	45,553,989	46,364,310	-	1,544,772	4,568,779	1,494,056	18,834,785	19,921,918
Lease payables	1,026,367	1,411,456	-	30,545	57,986	180,121	871,823	270,981
Total	434,464,865	433,234,767	156,137,133	153,017,362	43,148,873	30,197,610	28,395,825	22,337,964

(*) Includes subordinated securities issued and financial liabilities measured at FVTPL.

<i>Prior Period</i>	Carrying Value	Nominal Principal Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	2,668,751	2,667,979	2,322,684	287,966	53,348	3,981	-	-
Other Deposits	274,608,574	273,746,756	86,547,925	144,422,534	22,616,210	17,691,904	2,309,235	158,948
Other Fundings	25,622,059	24,022,628	-	2,758,287	692,547	16,704,420	3,716,428	150,946
Interbank Money Market Takings	1,786,861	1,790,934	149	356,594	480,547	469,044	404,559	80,041
Securities Issued (*)	40,098,537	40,345,307	-	289,127	3,763,227	750,000	17,481,987	18,060,966
Lease payables	1,134,770	1,774,652	-	34,962	84,260	263,593	1,015,206	376,631
Total	345,919,552	344,348,256	88,870,758	148,149,470	27,690,139	35,882,942	24,927,415	18,827,532

(*) Includes subordinated securities issued and financial liabilities measured at FVTPL.

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 8.28% (31 December 2019: 9.00%). While the capital increased by 16.56% mainly as a result of increase in net profits, total risk amount increased by 26.85%. Therefore, the current period leverage ratio decreased by 72 basis points compared to prior period.

		<i>Current Period^(***)</i>	<i>Prior Period^(***)</i>
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*) ^(**)	526,380,516	429,195,982
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” ^(**)	(471,116)	(641,834)
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	(20,229,036)	(17,115,298)
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	21,674,603	8,459,363
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	2,533,857	1,266,554
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	746,499,630	588,511,215

^(*) 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 30 September 2020 for the current period and 31 December 2019 for the prior period, are considered.

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

		<i>Current Period^(*)</i>	<i>Prior Period^(*)</i>
On-balance sheet assets			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	546,520,546	421,127,587
2	(Assets deducted in determining Tier I capital)	(709,113)	(620,064)
3	Total on-balance sheet risks (sum of lines 1 and 2)	545,811,433	420,507,523
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	6,846,537	3,098,333
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	20,360,234	17,151,727
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	27,206,771	20,250,060
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	371,602	451,081
8	Risks from brokerage activities related exposures		-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	371,602	451,081
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	175,643,681	148,569,105
11	(Adjustments for conversion to credit equivalent amounts)	(2,533,857)	(1,266,554)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	173,109,824	147,302,551
Capital and total risks			
13	Tier I capital	61,767,602	52,990,193
14	Total risks (sum of lines 3, 6, 9 and 12)	746,499,630	588,511,215
Leverage ratio			
15	Leverage ratio	8.28%	9.00%

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

4.8 Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>	<i>Prior Period</i>
Financial Assets	515,863,602	413,580,024	513,393,014	408,480,667
Interbank Money Market Placements	9,706,788	10,659,456	9,706,449	10,659,456
Banks (*)	67,081,201	55,216,481	67,080,592	55,216,481
Financial Assets Measured at Fair Value Through Profit/Loss	8,382,731	5,219,300	8,382,731	5,219,300
Financial Assets Measured at Fair Value through Other Comprehensive Income	36,785,565	28,643,529	36,785,565	28,643,529
Financial Assets Measured at Amortised Cost	33,238,911	27,720,342	33,872,550	27,505,451
Loans	360,668,406	286,120,916	357,565,127	281,236,450
Financial Liabilities	456,559,572	361,321,138	455,271,381	361,321,138
Bank Deposits	1,353,755	2,668,751	1,353,990	2,668,751
Other Deposits	356,746,593	274,608,574	355,323,678	274,608,574
Other Fundings from Financial Institutions	29,784,161	27,408,920	29,762,387	27,408,920
Securities Issued (**)	45,553,989	40,098,537	45,710,252	40,098,537
Other Liabilities	23,121,074	16,536,356	23,121,074	16,536,356

(*) Including the balances at the Central Bank of Turkey.

(**) Includes subordinated securities issued and financial liabilities measured at FVTPL.

The estimated fair value of banks, other fundings from Financial institutions, securities issued and deposits is calculated by finding discounted cash flows using current market interest rates.

Fair value of financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed an approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

The table below analyses the financial instruments carried at fair value, by valuation method:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value through Other Comprehensive Income	33,871,657	2,794,978	118,930	36,785,565
Financial Assets Measured at Fair Value through Profit/Loss	1,811,693	2,016,293	4,554,745	8,382,731
Derivative Financial Assets Held for Trading	7,581	3,927,929	221,889	4,157,399
Derivative Financial Assets Held for Hedging Purpose	-	457,153	-	457,153
Financial Assets at Fair Value	35,690,931	9,196,353	4,895,564	49,782,848
Derivative Financial Liabilities Held for Trading	5,351	6,393,815	1,237,105	7,636,271
Funds Borrowed (*)	-	-	16,137,939	16,137,939
Derivative Financial Liabilities Held for Hedging Purpose	-	900,619	-	900,619
Financial Liabilities at Fair Value	5,351	7,294,434	17,375,044	24,674,829

(*) Includes financial liabilities measured at FVTPL.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value through Other Comprehensive Income	26,966,465	1,671,300	5,764	28,643,529
Financial Assets Measured at Fair Value through Profit/Loss	747,415	44,979	4,426,906	5,219,300
Derivative Financial Assets Held for Trading	8,978	2,386,909	144,306	2,540,193
Derivative Financial Assets Held for Hedging Purpose	-	459,364	-	459,364
Financial Assets at Fair Value	27,722,858	4,562,552	4,576,976	36,862,386
Derivative Financial Liabilities Held for Trading	156	2,291,845	752,246	3,044,247
Funds Borrowed (*)	-	-	14,342,293	14,342,293
Derivative Financial Liabilities Held for Hedging Purpose	-	1,195,418	-	1,195,418
Financial Liabilities at Fair Value	156	3,487,263	15,094,539	18,581,958

(*) Includes financial liabilities measured at FVTPL.

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The movement of financial assets in Level 3 is presented below.

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	4,576,976	4,231,868
Purchases During the Period	452,994	185,909
Disposals Through Sale/Redemptions	(192,317)	(68,179)
Valuation Effect	60,781	227,378
Transfers	(2,870)	-
Balances at End of Period	4,895,564	4,576,976

The loans measured at fair value through profit or loss include the loan granted to the special purpose entity as detailed in note 5.1.2.2. 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). Upon the result of the independent valuation, the Bank management also evaluated the discounted cash flows and reflected its internal evaluation on the relevant valuation result. In this internal valuation, the Bank has determined to use the interest, depreciation and pre-tax profit (EBITDA) profit margin rates which are observed in previous periods and additional risk premium has added in discounted cash flow model. 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 of 0.25% increase / (0.25% decrease) in the assumptions used in the based discounted cash flow method and 0.25% decrease / (0.25% increase) in the risk-free return on investment, assuming that all other variables remain constant, the assets and profit for the period are approximately will increase by TL 91 million (will decrease TL 91 million).

Based on TFRS 9, in order to eliminate the accounting mismatch, the securitized bonds issued are measured at fair value and it is used the valuation of the Turkish Republic’s credit default swap (CDS) and Eurobonds together with the Z-spread of the Turkish Republic (TC) and the Bank. The credit default swap (CDS) level is determined based on the remaining maturity.

Regarding valuation of the related securitization transactions, it is determined a reference level which indicates the correlation among the transaction spread at inception date with either of the followings: TC CDS, TC eurobonds, and Z-spreads of the Bank and TC and considered the impact of daily changes in relevant parameters with variation in reference level. Therefore, the fair value of both the securitization transactions and the corresponding Total Return Swap (TRS) transactions are determined as Level 3.

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 absorb 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 following closely within 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.

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>
1	Credit risk (excluding counterparty credit risk) (CCR) ^(*)	360,123,635	295,632,577	28,809,891
2	Of which standardised approach (SA)	360,123,635	295,632,577	28,809,891
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	9,712,230	4,877,729	776,978
5	Of which standardised approach for counterparty credit risk (SA-CCR)	9,712,230	4,877,729	776,978
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	23,030	25,340	1,842
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	18,058,688	10,614,225	1,444,695
17	Of which standardised approach (SA)	18,058,688	10,614,225	1,444,695
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	44,996,936	37,857,648	3,599,755
20	Of which basic indicator approach	44,996,936	37,857,648	3,599,755
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)	432,914,519	349,007,519	34,633,161

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

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) ^(*)	295,632,577	281,730,318	23,650,606
2	Of which standardised approach (SA)	295,632,577	281,730,318	23,650,606
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	4,877,729	5,183,396	390,218
5	Of which standardised approach for counterparty credit risk (SA-CCR)	4,877,729	5,183,396	390,218
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	25,340	11,473	2,027
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	10,614,225	7,781,075	849,138
17	Of which standardised approach (SA)	10,614,225	7,781,075	849,138
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	37,857,648	29,447,081	3,028,612
20	Of which basic indicator approach	37,857,648	29,447,081	3,028,612
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)	349,007,519	324,153,343	27,920,601

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

4.10.2 Linkages between financial statements and risk amounts

4.10.2.1 Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

Current Period	Carrying values of items in accordance with Turkish Accounting Standards						
	Carrying values in financial statements prepared as per TAS (*)	Carrying values in consolidated financial statements prepared as per TAS but in compliance with the communiqué "Preparation of Consolidated Financial Statements"	Subject to credit risk	Subject to counterparty credit risk	Subject to market risk (**)	Subject to capital calculation	Not subject to capital requirements or subject to deduction from capital
Assets							
Financial assets (net)	144,093,388	137,151,179	129,373,713	8,549,053	5,004,924	(419,339)	-
Cash and cash equivalents	93,844,002	87,368,331	86,324,182	1,463,488	-	(419,339)	-
Financial assets measured at fair value through profit/loss (FVTPL)	7,953,245	8,382,731	6,263,966	121,189	2,005,021	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	35,433,071	36,785,565	36,785,565	2,348,798	-	-	-
Derivative financial assets	6,863,070	4,614,552	-	4,615,578	2,999,903	-	-
Loans (net)	361,317,038	372,771,271	383,725,220	72,084	-	-12,006,969	(30,455)
Loans	341,542,663	350,233,129	350,261,812	-	-	1,884	(30,455)
Lease receivables	7,539,540	7,508,708	7,508,708	-	-	-	-
Factoring receivables	2,983,659	2,926,569	2,926,569	-	-	-	-
Non performing receivables	33,151,951	33,238,911	33,238,911	72,084	-	-	-
Expected credit losses (-)	23,900,775	21,136,046	10,210,780	-	-	12,008,853	-
Assets held for sale and assets of discontinued operations (net)	1,019,735	931,753	931,753	-	-	-	-
Ownership investments (net)	50,625	166,495	166,495	-	-	-	-
Tangible assets (net)	7,490,376	5,960,071	5,835,462	-	-	124,609	-
Intangible assets (net)	630,863	614,398	22,867	-	-	591,531	-
Investment property (net)	360,123	561,525	561,525	-	-	-	-
Current tax asset	85,207	88,983	88,983	-	-	-	-
Deferred tax asset	2,558,567	3,640,403	3,640,403	-	-	-	-
Other assets	8,774,594	19,026,727	20,376,060	-	-	(19,056)	(1,330,277)
Total assets	526,380,516	540,912,805	544,722,481	8,621,137	5,004,924	(11,729,224)	(1,360,732)
Liabilities							
Deposits	345,502,600	358,100,348	-	-	-	-	358,100,348
Funds borrowed	31,120,523	26,620,183	-	1,515,138	-	-	25,105,045
Money market funds	3,097,071	3,163,978	-	2,184,230	-	-	979,748

Securities issued (net)	23,532,271	22,817,081	-	-	-	-	22,817,081
Funds	-	-	-	-	-	-	-
Financial liabilities measured at fvtp1	15,591,683	16,137,939	-	-	-	-	16,137,939
Derivative financial liabilities	7,645,106	8,536,890	-	-	-	-	8,536,890
Factoring payables	-	-	-	-	-	-	-
Lease payables (net)	1,230,781	1,026,367	-	-	-	-	1,026,367
Provisions	9,405,118	10,035,571	809,936	-	-	1,367,718	7,857,917
Current tax liability	357,638	2,296,347	-	-	-	-	2,296,347
Deferred tax liability	136,108	48,863	-	-	-	-	48,863
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-	-
Subordinated debts	6,899,418	6,598,969	-	-	-	6,537,880	61,089
Other liabilities	20,827,627	23,121,074	-	-	26,314	-	23,094,760
Shareholders' equity	61,034,572	62,409,195	-	-	-	62,570,140	(160,945)
Total liabilities	526,380,516	540,912,805	809,936	3,699,368	26,314	70,475,738	465,901,449

(*) As per financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué "Preparation of Consolidated Financial Statements" as of 30 September 2019.

(**) Disclosed based on gross position amounts subject to general market risk and specific risk.

<i>Prior Period</i>			<i>Carrying values of items in accordance with Turkish Accounting Standards</i>				
	<i>Carrying values in financial statements prepared as per TAS (*)</i>	<i>Carrying values in consolidated financial statements prepared as per TAS but in compliance with the communiqué "Preparation of Consolidated Financial Statements"</i>	<i>Subject to credit risk</i>	<i>Subject to counterparty credit risk</i>	<i>Subject to market risk (**)</i>	<i>Subject to capital calculation</i>	<i>Not subject to capital requirements or subject to deduction from capital</i>
Assets							
Financial assets (net)	116,894,623	108,960,421	104,985,393	5,434,237	2,681,644	(168,916)	-
Cash and cash equivalents	80,829,479	72,098,035	71,983,941	283,010	-	(168,916)	-
Financial assets measured at fair value through profit/loss (FVTPL)	4,899,816	5,219,300	4,263,032	106,378	876,752	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	27,572,532	28,643,529	28,643,529	2,189,935	-	-	-
Derivative financial assets	3,592,796	2,999,557	94,891	2,854,914	1,804,892	-	-
Loans (net)	277,072,426	296,277,720	301,696,603	720,035	-	(5,372,783)	(46,100)
Loans	258,517,474	277,506,599	277,544,878	-	-	7,821	(46,100)
Lease receivables	5,988,804	6,184,154	6,184,154	-	-	-	-
Factoring receivables	2,122,595	2,430,163	2,430,163	-	-	-	-
Non performing receivables	27,171,132	27,720,342	27,720,342	720,035	-	-	-
Expected credit losses (-)	16,727,579	17,563,538	12,182,934	-	-	5,380,604	-
Assets held for sale and assets of discontinued operations (net)	1,513,758	1,452,258	1,452,258	-	-	-	-
Ownership investments (net)	39,369	153,854	153,854	-	-	-	-

Tangible assets (net)	6,984,768	5,528,299	5,358,417	-	-	169,882	-
Intangible assets (net)	471,527	479,906	30,379	-	-	449,527	-
Investment property (net)	336,620	569,719	569,719	-	-	-	-
Current tax asset	102,420	86,217	86,217	-	-	-	-
Deferred tax asset	1,935,644	1,882,010	1,882,010	-	-	-	-
Other assets	6,348,104	13,163,744	13,992,566	-	-	(8,630)	(820,192)
Total assets	411,699,259	428,554,148	430,207,416	6,154,272	2,681,644	(4,930,920)	(866,292)
Liabilities							
Deposits	257,651,518	277,277,325	-	-	-	-	277,277,325
Funds borrowed	26,878,976	25,622,059	-	1,867,232	-	-	23,754,827
Money market funds	1,519,475	1,786,861	-	1,464,991	26,741	-	321,870
Securities issued (net)	22,763,718	21,026,537	-	-	-	-	21,026,537
Funds	-	-	-	-	-	-	-
Financial liabilities measured at fvtpl	13,193,294	14,342,293	-	-	-	-	14,342,293
Derivative financial liabilities	5,994,293	4,239,665	-	-	-	-	4,239,665
Factoring payables	-	-	-	-	-	-	-
Lease payables (net)	1,066,907	1,134,770	-	-	-	-	1,134,770
Provisions	5,621,578	6,526,373	622,573	-	-	588,581	5,315,219
Current tax liability	477,024	1,251,975	-	-	-	-	1,251,975
Deferred tax liability	69,970	29,480	-	-	-	-	29,480
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-	-
Subordinated debts	4,303,764	4,729,707	-	-	-	4,693,480	36,227
Other liabilities	20,343,735	16,536,356	-	-	34,163	-	16,502,193
Shareholders' equity	51,815,007	54,050,747	-	-	-	54,327,516	(276,769)
Total liabilities	411,699,259	428,554,148	622,573	3,332,223	60,904	59,609,577	364,955,612

(*) As per financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué "Preparation of Consolidated Financial Statements" as of 30 September 2018.

(**) Disclosed based on gross position amounts subject to general market risk and specific risk.

4.10.2.2 Major items causing differences between assets and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

	<i>Current Period</i>	<i>Total</i>	<i>Credit risk</i>	<i>Counterparty credit risk</i>	<i>Market risk (*)</i>
1	Carrying Value of Assets in Accordance with Communiqué "Preparation of Consolidated Financial Statements" (as per 4.10.2.1)	551,574,434	542,294,154	6,192,810	5,004,924
2	Carrying Value of Debt Instruments Subject Counterparty Credit Risk in Accordance with Communiqué "Preparation of Consolidated Financial Statements" (as per 4.10.2.1)	2,428,327	2,428,327	2,428,327	-
3	Carrying Value of Liabilities Subject to Counterparty Credit Risk in Accordance with Communiqué "Preparation of Consolidated Financial Statements" (as per 4.10.2.1)	3,699,368	-	3,699,368	-
4	Carrying Value of Other Liabilities in Accordance with Communiqué "Preparation of Consolidated Financial Statements" (as per 4.10.2.1)	26,314	-	-	26,314
5	Total Net Amount Under Regulatory Consolidation	550,277,079	544,722,481	4,921,769	4,978,610
6	Off-balance Sheet Amounts (**)	639,814,324	53,565,358	4,440,481	149,026,010
7	Credit Risk Mitigation		(14,652,603)	(23,304)	-
8	Repurchase Transactions Valuation Adjustments		-	525,717	-
9	Risk Amounts		583,635,236	9,864,663	154,004,620

(*) Disclosed based on gross position amounts subject to general market risk and specific risk.

(**) The amounts present the balances of the off-balance sheet items subject to capital adequacy regulation.

	<i>Prior Period</i>	<i>Total</i>	<i>Credit risk</i>	<i>Counterparty credit risk</i>	<i>Market risk (*)</i>
1	Carrying Value of Assets in Accordance with Communiqué “Preparation of Consolidated Financial Statements” ” (as per 4.10.2.1)	431,414,530	427,270,586	3,217,442	2,681,644
2	Carrying Value of Debt Instruments Subject Counterparty Credit Risk in Accordance with Communiqué “Preparation of Consolidated Financial Statements” ” (as per 4.10.2.1)	2,936,830	2,936,830	2,936,830	-
3	Carrying Value of Liabilities Subject to Counterparty Credit Risk in Accordance with Communiqué “Preparation of Consolidated Financial Statements” ” (as per 4.10.2.1)	3,332,223	-	3,332,223	26,741
4	Carrying Value of Other Liabilities in Accordance with Communiqué “Preparation of Consolidated Financial Statements” ” (as per 4.10.2.1)	34,163	-	-	34,163
5	Total Net Amount Under Regulatory Consolidation	430,984,974	430,207,416	2,822,049	2,620,740
6	Off-balance Sheet Amounts (**)	480,158,072	56,106,149	1,806,015	144,608,563
7	Credit Risk Mitigation		(29,804,265)	(18,979)	-
8	Repurchase Transactions Valuation Adjustments		-	766,454	-
9	Risk Amounts		456,509,300	5,375,539	147,229,303

(*) Disclosed based on gross position amounts subject to general market risk and specific risk.

(**) The amounts present the balances of the off-balance sheet items subject to capital adequacy regulation.

4.10.2.3 Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities

There is no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

4.10.3 Consolidated credit risk

4.10.3.1 General information on consolidated credit risk

4.10.3.1.1 General qualitative information on consolidated credit risk

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

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

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

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

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

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

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

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

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

The Bank carries out on-site and central controls regarding credit risk by the first level control officers in the Bank's business / support units. First-level control officers periodically report the results of the controls they conduct to the management of the related units and the Internal Unit in accordance with the dual reporting obligation. On-site collateral and contract controls at the branches and functioning controls at the regions regarding credit risk are carried out by branch control team of Internal Control Unit located in the second line of defense. In addition, Risk Management Control which reports to the Risk Management Department conducts periodic controls and assessments on credit risk management as a second level control specialist on compliance with the Bank's credit risk policies, rules and procedures.

4.10.3.1.2 Credit quality of consolidated assets

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

	<i>Prior Period</i>	<i>Gross carrying value in consolidated financial statements prepared as perTAS</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	19,510,386	336,457,080	12,182,934	343,784,532
2	Debt securities	-	55,981,493	-	55,981,493
3	Off-balance sheet exposures	1,544,164	83,681,738	624,572	84,601,330
4	Total	21,054,550	476,120,311	12,807,506	484,367,355

4.10.3.1.3 Changes in stock of default loans and debt securities

		<i>Current Period</i>	<i>Prior Period</i>
1	Defaulted loans and debt securities at end of the previous reporting period	19,510,386	13,753,384
2	Loans and debt securities defaulted since the last reporting period	2,453,775	9,838,615
3	Receivables back to non-defaulted status		-
4	Amounts written off (-)	(4,887,932)	(1,903,007)
5	Other changes (-)	(957,917)	(2,178,606)
6	Defaulted loans and debt securities at end of the reporting period	16,118,312	19,510,386

4.10.3.1.4 Additional information on credit quality of consolidated assets

4.10.3.1.4.1 Qualitative disclosures related to the credit quality of assets

As explained in accounting policy notes of 3.8 “Disclosures on impairment of financial assets” and 3.8.1 “Calculation of expected credit losses”, the Bank and its financial subsidiaries calculate the expected credit losses in accordance with TFRS 9. At each reporting date, it is assessed whether there is a significant increase in the credit risk of the financial instrument within the scope of impairment since it was initially recognized in the financial statements. In making this assessment, it is used the change in the estimated probability of default of the financial instrument.

A refinancing/restructuring refers to; extending a new loan for the purpose of repayment of a part or whole of the outstanding loans or related interest payments granted previously or, amending the conditions of such outstanding loans in order to facilitate the repayment capacity; due to current or foreseeable financial difficulties of the borrower or the related risk group.

4.10.3.1.4.2 Breakdown of exposures by geographical areas, industry and ageing

Disclosed under section 4.2 credit risk.

4.10.3.1.4.3 Exposures provisioned against by major regions and sectors

	<i>Current Period</i>			<i>Prior Period</i>		
	<i>Non-performing Loans</i>	<i>Expected Credit losses-Stage 3</i>	<i>Write-Offs</i>	<i>Non-performing Loans</i>	<i>Expected Credit losses-Stage 3</i>	<i>Write-Offs</i>
Domestic	14,716,540	9,366,209	4,481,943	18,204,326	11,262,907	1,670,768
European Union (EU) Countries	997,894	628,626	402,373	1,161,426	818,276	231,389
OECD Countries	48,501	28,311	16	46,393	17,526	7
Off-Shore Banking Regions	-	-	-	-	-	-
USA, Canada	4,062	3,920	33	7,026	4,060	-
Other Countries	351,315	188,018	3,567	91,215	80,165	843
Total	16,118,312	10,215,084	4,887,932	19,510,386	12,182,934	1,903,007

	<i>Current Period</i>		
	<i>Non-performing Loans</i>	<i>Expected Credit losses-Stage 3</i>	<i>Write-Offs</i>
Agriculture	176,729	125,326	8,567
Farming and Stockbreeding	139,864	96,343	7,863
Forestry	30,121	23,269	193
Fishery	6,744	5,714	511
Manufacturing	4,837,239	296,854	1,893,917
Mining and Quarrying	35,382	29,978	49,393
Production	1,364,789	1,058,727	359,402
Electricity, Gas and Water	3,437,068	1,879,837	1,485,122
Construction	859,981	520,070	149,247
Services	6,838,175	428,602	1,274,655
Wholesale and Retail Trade	2,359,176	1,664,312	307,415
Accommodation and Dining	427,149	261,661	94,872
Transportation and Telecommunication	1,576,312	994,316	494,902
Financial Institutions	95,705	63,039	848
Real Estate and Rental Services	2,062,454	1,059,789	343,680
Professional Services	156,475	95,402	26,702
Educational Services	137,350	127,909	4,672
Health and Social Services	23,554	19,598	1,564
Others	3,406,188	2,315,120	1,561,546
Total	16,118,312	10,215,084	4,887,932

	<i>Prior Period</i>		
	<i>Non-performing Loans</i>	<i>Expected Credit losses-Stage 3</i>	<i>Write-Offs</i>
Agriculture	171,893	99,542	8,649
Farming and Stockbreeding	151,106	85,803	6,340
Forestry	13,701	8,677	2,241
Fishery	7,086	5,062	68
Manufacturing	6,313,153	3,854,728	442,533
Mining and Quarrying	115,180	98,189	801
Production	2,044,190	1,291,843	441,314
Electricity, Gas and Water	4,153,783	2,464,696	418
Construction	1,321,524	773,176	244,662
Services	7,118,963	4,141,173	412,512
Wholesale and Retail Trade	2,290,225	1,407,738	86,400
Accommodation and Dining	387,631	204,996	8,909
Transportation and Telecommunication	1,893,857	1,182,924	185,971
Financial Institutions	96,706	59,855	20,413
Real Estate and Rental Services	1,756,759	895,016	7,558
Professional Services	528,735	251,383	42,336
Educational Services	126,925	110,749	747
Health and Social Services	38,125	28,512	60,178
Others	4,584,853	3,314,315	794,651
Total	19,510,386	12,182,934	1,903,007

4.10.3.1.4.4 Ageing of past-due exposures

<i>Current Period</i>	<i>Up to 3 Months</i>	<i>3-12 Months</i>	<i>1-3 Years</i>	<i>3-5 Years</i>	<i>5 Years and Over</i>
Corporate and Commercial Loans	372,970	822,572	9,668,663	937,610	607,557
Retail Loans	270,132	467,045	1,082,754	114,944	90,097
Credit Cards	56,496	183,433	516,004	22,126	16,422
Others	716,211	14,564	155,253	2,648	811
Total	1,415,809	1,487,614	11,422,674	1,077,328	714,887

<i>Prior Period</i>	<i>Up to 3 Months</i>	<i>3-12 Months</i>	<i>1-3 Years</i>	<i>3-5 Years</i>	<i>5 Years and Over</i>
Corporate and Commercial Loans	2,425,793	4,944,776	5,729,489	939,885	430,420
Retail Loans	381,725	979,621	737,307	288,931	178,355
Credit Cards	176,998	453,560	330,431	166,908	135,378
Others	863,164	9,626	332,259	4,662	1,098
Total	3,847,680	6,387,583	7,129,486	1,400,386	745,251

4.10.3.2 Consolidated credit risk mitigation

4.10.3.2.1 Qualitative disclosure on consolidated credit risk mitigation techniques

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

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

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

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

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

4.10.3.2.2 Consolidated credit risk mitigation techniques

	<i>Current Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	400,673,013	29,635,807	27,973,156	8,959,316	8,959,316	-	-
2	Debt securities	71,128,582	266,587	31,236	-	-	-	-
3	Total	471,801,595	29,902,394	28,004,392	8,959,316	8,959,316	-	-
4	Of which defaulted	15,970,985	147,327	6,255	-	-	-	-

	<i>Prior Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	297,831,309	45,953,223	43,951,673	10,970,595	10,970,595	-	-
2	Debt securities	55,901,683	79,810	17,292	-	-	-	-
3	Total	353,732,992	46,033,033	43,968,965	10,970,595	10,970,595	-	-
4	Of which defaulted	19,398,646	111,740	5,731	-	-	-	-

4.10.3.3 Consolidated credit risk under standardised approach

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

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

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

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

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

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

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

4.10.3.3.2 Consolidated credit risk exposure and credit risk mitigation techniques

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

	<i>Prior Period</i>	<i>Exposures before CCF and CRM</i>		<i>Exposures post-CCF and CRM</i>		<i>RWA and RWA density</i>	
	Risk Classes	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	RWA	RWA density
1	Exposures to sovereigns and their central banks	102,976,748	256,199	113,930,805	117,192	19,015,101	17%
2	Exposures to regional and local governments	623,819	23,765	618,338	23,753	384,150	60%
3	Exposures to administrative bodies and non-commercial entities	267,082	93,617	262,882	10,130	273,011	100%
4	Exposures to multilateral development banks	1,403,169	-	1,403,169	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	30,161,709	30,700,483	19,719,715	2,898,979	8,069,749	36%
7	Exposures to corporates	143,583,873	58,599,769	137,643,390	29,328,457	164,766,656	99%
8	Retail exposures	96,258,605	61,125,831	88,261,395	5,605,377	70,393,763	75%
9	Exposures secured by residential property	15,920,281	9,737	15,911,557	9,162	5,572,251	35%
10	Exposures secured by commercial property	13,657,076	2,287,332	13,532,233	1,436,139	9,591,919	64%
11	Past-due items	6,511,248	-	6,511,069	-	4,519,279	69%
12	Exposures in high-risk categories	867,207	919,319	840,511	468,451	1,486,360	114%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	25,340	-	25,340	-	25,340	100%
16	Shares	816,500	-	816,500	-	816,500	100%
17	Other exposures	17,134,759	-	17,134,759	-	10,743,838	63%
18	Total	430,207,416	154,016,052	416,611,663	39,897,640	295,657,917	

4.10.3.3.3 Consolidated exposures by asset classes and risk weights

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

	Regulatory portfolio Prior Period	0%	2%	10%	20%	35% secured by property mortgage	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1	Exposures to sovereigns and their central banks	95,014,139	-	-	19	-	37,481	-	18,996,358	-	-	-	114,047,997
2	Exposures to regional and local government	-	-	-	-	-	515,884	-	126,207	-	-	-	642,091
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	273,012	-	-	-	273,012
4	Exposures to multilateral development banks	1,403,169	-	-	-	-	-	-	-	-	-	-	1,403,169
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	4,700	-	-	13,431,285	-	7,598,434	-	1,584,275	-	-	-	22,618,694
7	Exposures to corporates	43,913	-	-	1,061,121	-	2,624,762	-	163,242,051	-	-	-	166,971,847
8	Retail exposures	-	-	-	8,205	-	7,561	93,850,892	114	-	-	-	93,866,772
9	Exposures secured by residential property	-	-	-	-	15,920,719	-	-	-	-	-	-	15,920,719
10	Exposures secured by commercial property	-	-	-	-	-	10,752,906	-	4,215,466	-	-	-	14,968,372
11	Past-due items	-	-	-	-	-	3,983,581	-	2,527,488	-	-	-	6,511,069
12	Exposures in high-risk categories	-	-	-	-	-	246,422	-	461,199	601,341	-	-	1,308,962
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	25,340	-	-	-	25,340
16	Shares	-	-	-	-	-	-	-	816,500	-	-	-	816,500
17	Other exposures	6,390,573	-	-	441	-	-	-	10,743,745	-	-	-	17,134,759
18	Total	102,856,494	-	-	14,501,071	15,920,719	25,767,031	93,850,892	203,011,755	601,341	-	-	456,509,303

4.10.4 Consolidated counterparty credit risk

4.10.4.1 Qualitative disclosure on consolidated counterparty credit risk

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

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

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

4.10.4.2 Consolidated counterparty credit risk (CCR) approach analysis

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

	<i>Prior Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	2,854,914	1,806,014		1.4	4,641,950	2,998,145
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					733,589	288,188
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						3,286,333

4.10.4.3 Consolidated capital requirement for credit valuation adjustment (CVA)

	<i>Current Period</i>		<i>Prior Period</i>	
	<i>EAD post-CRM</i>	<i>RWA</i>	<i>EAD post-CRM</i>	<i>RWA</i>
Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1 (i) VaR component (including the 3×multiplier)		-		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-		-
3 All portfolios subject to the Standardised CVA capital obligation	8,994,534	3,420,329	4,641,950	1,591,396
4 Total subject to the CVA capital obligation	8,994,534	3,420,329	4,641,950	1,591,396

4.10.4.4 Consolidated CCR exposures by risk class and risk weights

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

<i>Prior Period</i>		Risk weight								
Regulatory portfolio	0%	2%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure
Exposures to sovereigns and their central banks	-	-	-	-	-	-	26,545	-	-	26,545
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	11,914	-	-	11,914
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	37	-	-	1,024,929	2,516,960	-	69,022	-	-	3,610,948
Exposures to corporates	611	-	-	9	16,009	-	1,701,011	-	-	1,717,640
Retail exposures	-	-	-	-	-	8,492	-	-	-	8,492
Exposures secured by property mortgages	-	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	648	-	-	1,024,938	2,532,969	8,492	1,808,492	-	-	5,375,539

4.10.4.5 Collaterals for consolidated CCR

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

	<i>Collateral for derivative transactions</i>				<i>Collateral for other transactions</i>	
<i>Prior Period</i>	<i>Fair value of collateral received</i>		<i>Fair value of collateral given</i>		<i>Fair value of collateral received</i>	<i>Fair value of collateral given</i>
	<i>Segregated</i>	<i>Unsegregated</i>	<i>Segregated</i>	<i>Unsegregated</i>		
Cash-domestic currency	1,960	-	-	-	94,504	92,118
Cash-foreign currency	17,019	-	-	-	3,237,404	270,410
Domestic sovereign debts	-	-	-	-	12,600	2,204,395
Other sovereign debts	-	-	-	-	262,238	387,471
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	335,983
Equity securities	-	-	-	-	79,518	-
Other collateral	-	-	-	-	-	-
Total	18,979	-	-	-	3,686,264	3,290,377

4.10.4.6 Consolidated credit derivatives

	<i>Current Period</i>		<i>Prior Period</i>	
Notionals	<i>Protection bought</i>	<i>Protection sold</i>	<i>Protection bought</i>	<i>Protection sold</i>
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	17,147,156	-	14,870,724
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notionals	-	17,147,156	-	14,870,724
Fair Values	-	(1,172,291)	-	(657,355)
Positive fair values (asset)	-	64,814	-	94,891
Negative fair values (liability)	-	(1,237,105)	-	(752,246)

4.10.5 Consolidated securitisations

None.

4.10.6 Consolidated market risk

4.10.6.1 Qualitative disclosure on consolidated market risk

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

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

The Market Risk function under Market and Structural Risk Department monitors the activities of Global Markets Trading Department via risk reports and the limits approved by the board of directors.

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

4.10.6.2 Consolidated market risk under standardised approach

		RWA ^(*)	
		Current Period	Prior Period
	Outright products	17,890,638	10,576,137
1	Interest rate risk (general and specific)	2,011,799	1,643,961
2	Equity risk (general and specific)	1,528,638	663,888
3	Foreign exchange risk	14,265,163	8,105,350
4	Commodity risk	85,038	162,938
	Options	168,050	38,088
5	Simplified approach	-	-
6	Delta-plus method	168,050	38,088
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	18,058,688	10,614,225

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

4.10.7 Consolidated operational risk

The value at consolidated operational risk is calculated according to the basic indicator approach as per the Article 24 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities classified under financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost, extraordinary income and income derived from insurance claims.

<i>Current Period</i>	31.12.2017	31.12.2018	31.12.2019	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	18,659,707	26,386,033	26,949,357	23,998,366	15	3,599,755
Value at Operational Risk (Total x % 12.5)						44,996,936

<i>Prior Period</i>	31.12.2016	31.12.2017	31.12.2018	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	15,526,497	18,659,707	26,386,033	20,190,746	15	3,028,612
Value at Operational Risk (Total x % 12.5)						37,857,648

4.10.8 Consolidated banking book interest rate risk

4.10.8.1 Nature of interest rate risk resulting from banking book, major assumptions on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk

The interest rate risk resulting from the banking book is assessed in terms of repricing risk, yield-curve risk, base risk and option risk, measured as per international standards and managed through limitations and mitigations through hedging transactions.

The interest sensitivity of assets, liabilities and off balance-sheet items are evaluated at the Weekly Review Committee and Monthly Asset-Liability Committee meetings considering also the market developments.

The measurement process of interest rate risk resulting from the banking book, is designed and managed by the Bank on a bank-only basis to include the interest rate positions defined as banking book by the Bank and to consider the relevant repricing and maturity data.

Within the scope of monitoring the re-pricing risk arising from maturity mismatch, the sensitivity of the durations/gap, economic value, economic capital, net interest income, earnings at risk, market price of securities portfolio are measured and the internal early warning and limit levels in this context are monitored and reported regularly. Calculated risk metrics and generated reports are used in the management of the balance sheet interest risk under the supervision of the Asset and Liability Committee. In the said analyses, the present value and the net interest income are calculated over the cash flows of the sensitive assets and liability items by using the yield curves constructed by using the market interest rates. For non-matured products, maturity is determined based on interest rate determination frequency and customer behaviour. These results are supported by periodic sensitivities and scenario analyses against fluctuations that may be experienced in the markets.

Early loan payments under the option risk are considered as unusual payments affecting the repayment of the principal above the regular payment plan, which changes the number and amount of the current payment plan. Within the scope of the early payment model studies, early payment data is based on total early payment and partial early payment distinction. Within the framework of internal net interest income and economic value calculations, early payment option is reflected in monthly reports considering the early payment assumption.

The interest rate risk resulting from the banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulting from the Banking Book as per Standard Shock Method” published in the Official Gazette no.28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly. The capital level is maintained considering the interest rate risk resulting from the banking book.

The interest rate risk on the interest-rate-sensitive financial instruments of the trading portfolio is evaluated as part of the market risk.

Branches and lines of business are eliminated from interest rate risk through the transfer pricing system and these risks are transferred to the Asset and Liability Management Department (ALM) and managed by ALM in a central structure.

4.10.8.2 Economic value differences resulted from interest rate instabilities calculated on a bank-only basis according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method

<i>Current Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(6,209,372)	%(8.56)
2	TL	(-) 400 bps	5,872,483	%8.09
3	USD	(+) 200 bps	401,784	%0.55
4	USD	(-) 200 bps	(629,807)	%(0.87)
5	EUR	(+) 200 bps	1,446,619	%1.99
6	EUR	(-) 200 bps	(1,707,593)	%(2.35)
	Total (of negative shocks)		3,535,083	%4.87
	Total (of positive shocks)		(4,360,969)	%(6.02)

<i>Prior Period</i>		Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency				
1	TL	(+) 500 bps	(4,463,035)	(7.21)%
2	TL	(-) 400 bps	4,159,132	6.72%
3	USD	(+) 200 bps	158,722	0.26%
4	USD	(-) 200 bps	(124,234)	(0.20) %
5	EUR	(+) 200 bps	65,395	0.11%
6	EUR	(-) 200 bps	(46,952)	(0.08) %
	Total (of negative shocks)		3,987,946	6.45%
	Total (of positive shocks)		(4,238,918)	(6.85) %

4.10.9 Remuneration policy

4.10.9.1 Qualitative disclosures regarding remuneration policies

4.10.9.1.1 Disclosures related with Remuneration Committee

The Bank's Remuneration Committee is comprised of two non-executive members of the board. The committee convened for ten times during the year. The duties and responsibilities of the Committee include the following:

- To conduct the necessary monitoring and audit process in order to ensure that the remuneration policy and practices are implemented in accordance with the related laws and regulations and risk management principles;
- To review and if necessary, revise the remuneration policy at least once a year in order to ensure its compliance with the laws and regulations or market practices in Turkey;
- To determine and approve remuneration packages of the executive and non-executive Board of Directors, Chief Executive Officer and Executive Vice Presidents;
- To follow up the revision requirements of the policies, procedures and regulations related with its areas of responsibility and to take actions in order to ensure that they are kept updated.

The Bank has received consultancy service for compliance with the Guidelines on Sound Remuneration Practices in Banks.

The fundamental principles of the remuneration policy are applicable for all bank employees.

The Bank board members, senior management and the Bank staff deemed to perform the functions having material impact on the Bank's risk profile are considered as identified staff; and by the end of 2020, the number of identified staff is 27.

4.10.9.1.2 Information on the design and structure of remuneration process

The Bank relies on the following values while managing its Remuneration Policy. These values are considered in all compensation practices.

- a. Fair
- b. Transparent
- c. Based on measurable and balanced performance targets
- d. Encouraging sustainable success
- e. In line with the Bank Risk Management Principles

The main objective of the Remuneration Policy is to maintain the internal and external balances in the remuneration structure. Internal balance is ensured with the principles of "equal pay for equal work" and performance-based remuneration". As for external balance, the data obtained from employee reward and benefit researches conducted by independent research organizations are taken into account.

The Remuneration Policy of 2020 is consistent with the previous period and no change was made in the Policy by the decision of Remuneration Committee.

Increases in the remuneration of employees working in the units responsible for internal systems are determined depending on the basic rate of increase specified by the Bank and their personal performances. In the variable remuneration, only the performance criteria associated with their personal performance or the performance of the unit that they work in are taken into account independently of the performance of the business units that they control.

4.10.9.1.3 Evaluation about how the bank's remuneration processes take the current and future risks into account

The Bank follows the Risk Management Principles while implementing the remuneration processes. It adopts the remuneration policies that are in line with Bank's long-term objectives and risk management structures and avoiding excessive risk-taking.

4.10.9.1.4 Evaluation about how the Bank associates variable remunerations with performance

In the association of variable remunerations with performance, various indicators considered among financial and non-financial performance criteria specified by the Bank such as return on regulatory capital, efficiency, profitability, customer satisfaction (NTS), digital sales are taken into account.

In the variable remuneration for the identified staff, personal performance criteria, the Bank's performance criteria and BBVA Group's performance criteria are collectively taken into account. The weightings of such performances taken into account as such may vary according to the position of the identified staff member.

In case of occurrence of risky situations regarding capital adequacy or if and when necessary, Bank may pursue a more conservative policy in relation to all remuneration issues, particularly regarding variable remunerations. In this context, methodological changes such as deferral, retention, malus and clawback may be applied in relation to variable remunerations in accordance with the principles set out by the applicable laws.

4.10.9.1.5 Evaluation about the bank's methods to adjust remunerations according to long-term performance

Regarding variable remunerations of identified staff, it has been adopted based on the principles in the "Guidelines on Sound Remuneration Practices in Banks" that at least 40% of variable remunerations will be deferred for at least 3 years and at least 50% of it will be paid in non-cash instruments.

Remuneration Committee decided on that variable remuneration of identified staff is subject to cancellation and clawback.

4.10.9.1.6 Evaluation about the instruments used by the bank for variable remunerations and the purposes of use of such instruments

The variable remunerations of identified staff are paid using cash and share-linked non-cash instruments. Considering the principles in the "Guidelines on Sound Remuneration Practices in Banks" variable remunerations of identified staff are paid both with cash and non-cash (share-linked) instruments. Regarding variable remunerations of identified staff for the financial period of 2020, BBVA shares are taken as reference for payments based on non-cash instruments.

The type and weight of non-cash instruments used in payment of variable remuneration are same for all identified staff.

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	2,722,172	6,956,041	1,594,582	2,749,223
Central Bank of Turkey	4,274,948	40,444,718	1,691,395	33,942,897
Others	2	1,321,466	-	2,047,209
Total	6,997,122	48,722,225	3,285,977	38,739,329

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	4,274,948	14,434,418	1,691,395	10,531,841
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	26,010,300	-	23,411,056
Total	4,274,948	40,444,718	1,691,395	33,942,897

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	486,817	161,010	502,368	41,583
Foreign banks	296,152	21,417,556	245,492	18,792,746
Foreign head office and branches	-	-	-	-
Total	782,969	21,578,566	747,860	18,834,329

The placements at foreign banks include blocked accounts amounting TL 2,423,914 (31 December 2019: TL 2,818,396) of which TL 2,222,619 (31 December 2019: TL 2,657,254) and TL 201,295 (31 December 2019: TL 161,142) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits.

Furthermore, there are restricted deposits at various domestic banks amounting TL 465,118 (31 December 2019: TL 413,230) as required for insurance activities.

Due from foreign banks

	Current Period		Prior Period	
	Restricted Balances	Unrestricted Balances	Restricted Balances	Unrestricted Balances
EU Countries	6,560,799	2,222,619	10,385,577	2,657,254
USA, Canada	6,769,759	-	4,354,767	-
OECD Countries (*)	4,434,919	-	45,459	-
Off-shore Banking Regions	108	-	-	-
Others	1,524,209	201,295	1,434,039	161,142
Total	19,289,794	2,423,914	16,219,842	2,818,396

(*) OECD countries other than the EU countries, USA and Canada

5.1.1.3 Receivables from reserve repo transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	8,043,941	-	10,205,763	-
Central Bank of Turkey	-	-	-	-
Banks	8,003,922	-	10,205,763	-
Others	40,019	-	-	-
Foreign Transactions	-	1,662,847	-	453,693
Central banks	-	-	-	-
Banks	-	1,662,847	-	453,693
Others	-	-	-	-
Total	8,043,941	1,662,847	10,205,763	453,693

5.1.1.4 Expected credit losses for cash and cash equivalents

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at Beginning of Period	168,916	-	-	168,916
Additions during the Period (+)	1,507,985	-	-	1,507,985
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	419,339	-	-	419,339

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at Beginning of Period	79,352	114	-	79,466
Additions during the Period (+)	424,971	3	-	424,974
Disposal (-)	(346,430)	(115)	-	(346,545)
Transfer to Stage1	2	(2)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	11,021	-	-	11,021
Balances at End of Period	168,916	-	-	168,916

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	209,690	-	23,712	-
Assets Subject to Repurchase Agreements	7,444	-	26,860	-
Total	217,134	-	50,572	-

5.1.2.2 Financial assets measured at fair value through profit or loss

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Government Securities	759,526	2,153,945	370,765	91,126
Equity Securities	547,867	54,021	303,272	30,148
Other Financial Assets (*)	48,829	4,818,543	18,701	4,405,288
Total	1,356,222	7,026,509	692,738	4,526,562

(*) Financial assets measured at fair value through profit or loss include loan amounting to USD 756,288,034 (31 December 2019:USD 710,182,828) 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.

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	12,817,253	3,061,618	1,528,597	1,947,081
Assets subject to Repurchase Agreements	-	219,574	12,674	1,115,469
Total	12,817,253	3,281,192	1,541,271	3,062,550

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

	Current Period	Prior Period
Debt Securities	31,256,078	24,083,685
Quoted at Stock Exchange	31,256,078	24,083,685
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	8,385	132,968
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	3,894	128,477
Value Increase/Impairment Losses (-)	5,521,102	4,426,876
Total	36,785,565	28,643,529

Expected losses of TL 134,280 (31 December 2019: TL 86,057) is 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

Information on positive differences on derivative financial assets measured at FVTPL classified in derivative financial assets is as follows;

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	372,828	24,911	182,769	15,947
Swap Transactions	1,614,096	2,059,196	848,634	1,123,196
Futures	-	5,315	-	8,488
Options	26,142	54,240	91,162	269,828
Others	-	671	-	169
Total	2,013,066	2,144,333	1,122,565	1,417,628

5.1.4.2 Positive differences on derivative financial instruments held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	11,345	6,675
Cash Flow Hedges	447,705	9,448	424,273	17,071
Net Foreign Investment Hedges	-	-	-	-
Total	447,705	9,448	435,618	23,746

As of 31 December 2020, 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:

	<i>Current Period</i>			<i>Prior Period</i>		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	38,326,836	26,295	759,790	60,262,126	24,851	1,123,464
-TL	3,860,000	26,295	61,946	21,365,030	14,243	698,842
-FC	34,466,836	-	697,844	38,897,096	10,608	424,622
Cross Currency Swaps	3,134,232	423,881	139,983	5,003,466	430,655	71,954
-TL	1,183,661	421,410	71,706	1,008,284	421,375	45,966
-FC	1,950,571	2,471	68,277	3,995,182	9,280	25,988
Currency Forwards	42,320	-	846	-	-	-
-TL	21,523	-	-	-	-	-
-FC	20,797	-	846	-	-	-
Interest Rate Options	784,518	6,977	-	681,979	3,858	-
-TL	-	-	-	-	-	-
-FC	784,518	6,977	-	681,979	3,858	-
Total	42,287,906	457,153	900,619	65,947,571	459,364	1,195,418

5.1.4.3 Fair value hedge accounting

<i>Current Period</i>						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	12,559	-	(27,070)	(14,511)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	348,896	-	(400,750)	(51,854)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	3,228	-	(67,438)	(64,210)

<i>Prior Period</i>						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	147,422	6,224	(186,490)	(32,844)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	14,063	1,691	(15,774)	(20)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	200,330	4,690	(234,896)	(29,876)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	6,809	5,415	(23,544)	(11,320)

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	-	(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	-	-

(*) 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 (154,611) and the amount recognized in equity is TL 131,477.

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	7,075	(24,103)	(57,593)	42,611	831
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	5,171	(662,201)	(189,384)	414,925	(12,174)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	419,346	(82)	(34,928)	(11,946)	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	5,894	(48,328)	(15,843)	14,482	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	3,858	-	535	-	-

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 (50,017) and the amount recognized in equity is TL 10,677.

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	-	878,143	62	603,746
Corporates	-	878,143	62	603,746
Individuals	-	-	-	-
Indirect Lendings to Shareholders	157,227	46,804	28,717	42,166
Loans to Employees	475,934	30	423,432	56
Total	633,161	924,977	452,211	645,968

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		
Cash Loans ^{(*)(**)}		Non-restructured	Revised Contract Terms	Restructured 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.

(**) As of 31 December 2020, based on the resolution of the BRSA dated 27 March 2020 and numbered 8970 and dated 8 December 2020 and numbered 9312; starting from 17 March 2020 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 176,155 thousands.

Prior Period	Performing Loans	Loans under Follow-up		
Cash Loans ^(*)		Non-restructured	Revised Contract Terms	Restructured Refinanced
Loans	221,544,221	26,191,796	2,609,325	8,861,675
Working Capital Loans	41,870,625	3,948,376	202,613	2,703,923
Export Loans	19,656,411	1,127,858	68,174	166,605
Import Loans	675,825	-	-	-
Loans to Financial Sector	6,258,761	836,425	-	-
Consumer Loans	50,240,567	5,375,456	986,483	51,573
Credit Cards	23,994,909	2,985,436	476,277	-
Others	78,847,123	11,918,245	875,778	5,939,574
Specialization Loans	-	-	-	-
Other Receivables	6,595,395	520,932	275,128	12,058
Total	228,139,616	26,712,728	2,884,453	8,873,733

(*) 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)	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	0	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

<i>Prior Period</i>	Corporate/ Commercial Loans		Consumer Loans		Financial Lease		Factoring		Total	
	TL	FC	TL	FC	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	71,676,204	79,963,458	64,992,132	4,912,432	765,055	3,755,861	1,642,376	432,098	139,075,767	89,063,849
Loans under Follow-up (Stage 2)	11,401,413	17,141,657	8,326,340	793,386	143,247	648,940	15,931	-	19,886,931	18,583,983
Total Stage 1 and 2 Loans	83,077,617	97,105,115	73,318,472	5,705,818	908,302	4,404,801	1,658,307	432,098	158,962,698	107,647,832
Expected Credit losses-Stage 1-2 (-)	1,525,196	2,728,834	811,465	55,351	25,517	102,513	11,582	257	2,373,760	2,886,955
Total Non-performing Loans	7,287,770	7,476,032	3,292,189	243,586	418,332	452,719	150,872	188,886	11,149,163	8,361,223
Expected Credit losses-Stage 3 (-)	5,056,944	3,961,370	2,230,907	179,310	232,217	208,618	127,929	185,639	7,647,997	4,534,937

	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	2,189,211	-	1,227,132	-
Significant Increase in Credit Risk (Stage 2)	-	8,564,468	-	4,033,583

As of 31 December 2020, loans amounting to TL 3,723,673 are benefited as collateral under funding transactions (31 December 2019: TL 3,873,550).

Collaterals received for loans under follow-up

<i>Current Period</i>	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

<i>Prior Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	419,617	18,009	-	437,626
Loans Collateralized by Mortgages / Shares	13,590,835	2,929,497	-	16,520,332
Loans Collateralized by Pledged Assets	2,167,317	186,050	-	2,353,367
Loans Collateralized by Cheques and Notes	104,960	3,402	-	108,362
Loans Collateralized by Other Collaterals	8,567,017	2,680,188	-	11,247,205
Unsecured Loans	3,745,943	596,366	3,461,713	7,804,022
Total	28,595,689	6,413,512	3,461,713	38,470,914

Delinquency periods of loans under follow-up

<i>Current Period (*)</i>	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

(*) As of 31 December 2020, based on the resolution of the BRSA dated 17 March 2020 and numbered 8948 and dated 8 December 2020 and numbered 9312; starting from 17 March 2020 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 1,300,763.

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
<i>Prior Period</i>				
31-60 days	578,372	965,769	169,562	1,713,703
61-90 days	552,336	292,979	62,670	907,985
Other	27,464,981	5,154,764	3,229,481	35,849,226
Total	28,595,689	6,413,512	3,461,713	38,470,914

5.1.5.3 Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
<i>Current Period</i>	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	118,193,873	265,317	8,404,611	677,672
Loans	113,147,788	265,317	8,182,242	563,022
Specialization Loans	-	-	-	-
Other Receivables	5,046,085	-	222,369	114,650
Medium and Long-Term Loans	155,485,699	11,326,781	26,723,458	23,472,683
Loans	152,071,824	11,326,781	26,141,517	23,321,730
Specialization Loans	-	-	-	-
Other Receivables	3,413,875	-	581,941	150,953
Total	273,679,572	11,592,098	35,128,069	24,150,355

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
<i>Prior Period</i>	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-Term Loans	79,163,645	53,417	6,952,751	709,023
Loans	75,387,931	53,417	6,797,191	572,109
Specialization Loans	-	-	-	-
Other Receivables	3,775,714	-	155,560	136,914
Medium and Long-Term Loans	144,046,629	4,875,925	19,605,401	11,203,739
Loans	141,226,948	4,875,925	19,240,029	11,053,467
Specialization Loans	-	-	-	-
Other Receivables	2,819,681	-	365,372	150,272
Total	223,210,274	4,929,342	26,558,152	11,912,762

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

<i>Current Period</i>	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

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	1,594,709	47,435,809	49,030,518
Housing Loans	16,384	19,452,893	19,469,277
Automobile Loans	148,863	1,675,140	1,824,003
General Purpose Loans	1,427,774	26,307,776	27,735,550
Others	1,688	-	1,688
Consumer Loans – FC-indexed	-	153,013	153,013
Housing Loans	-	153,013	153,013
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	840,787	4,282,561	5,123,348
Housing Loans	141,006	2,623,272	2,764,278
Automobile Loans	185	18,319	18,504
General Purpose Loans	291,602	1,089,953	1,381,555
Others	407,994	551,017	959,011
Retail Credit Cards – TL	21,363,651	370,358	21,734,009
With Installment	9,822,361	370,358	10,192,719
Without Installment	11,541,290	-	11,541,290
Retail Credit Cards – FC	397,299	15,602	412,901
With Installment	-	-	-
Without Installment	397,299	15,602	412,901
Personnel Loans – TL	36,453	156,398	192,851
Housing Loan	-	724	724
Automobile Loans	-	19	19
General Purpose Loans	36,453	155,655	192,108
Others	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	8,321	70,228	78,549
Housing Loans	2,204	32,571	34,775
Automobile Loans	-	-	-
General Purpose Loans	4,759	27,611	32,370
Others	1,358	10,046	11,404
Personnel Credit Cards – TL	131,752	529	132,281
With Installment	46,745	529	47,274
Without Installment	85,007	-	85,007
Personnel Credit Cards – FC	6,233	193	6,426
With Installment	-	-	-
Without Installment	6,233	193	6,426
Deposit Accounts– TL (Real Persons)	2,062,475	-	2,062,475
Deposit Accounts– TL (Personnel)	13,325	-	13,325
Deposit Accounts– FC (Real Persons)	-	-	-
Total	26,455,005	52,484,691	78,939,696

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	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

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	698,237	10,937,099	11,635,336
Real Estate Loans	1,532	541,123	542,655
Automobile Loans	128,728	2,008,812	2,137,540
General Purpose Loans	567,977	8,387,164	8,955,141
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	-	768,231	768,231
Real Estate Loans	-	48,785	48,785
Automobile Loans	-	155,719	155,719
General Purpose Loans	-	563,727	563,727
Others	-	-	-
Installment-based Commercial Loans – FC	2,544,604	2,728,533	5,273,137
Real Estate Loans	-	-	-
Automobile Loans	-	140,909	140,909
General Purpose Loans	222	102,257	102,479
Others	2,544,382	2,485,367	5,029,749
Corporate Credit Cards – TL	5,002,179	135,481	5,137,660
With Installment	1,830,025	135,481	1,965,506
Without Installment	3,172,154	-	3,172,154
Corporate Credit Cards – FC	33,345	-	33,345
With Installment	-	-	-
Without Installment	33,345	-	33,345
Deposit Accounts– TL (Corporates)	1,336,839	-	1,336,839
Deposit Accounts– FC (Corporates)	-	-	-
Total	9,615,204	14,569,344	24,184,548

5.1.5.6 Allocation of loans by customers (*)

	Current Period	Prior Period
Public Sector	945,731	300,854
Private Sector	343,604,363	266,309,676
Total	344,550,094	266,610,530

(*) Non-performing loans are not included.

5.1.5.7 Allocation of domestic and foreign loans (*)

	Current Period	Prior Period
Domestic Loans	311,297,812	241,117,177
Foreign Loans	33,252,282	25,493,353
Total	344,550,094	266,610,530

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Lending	722,522	118,232
Indirect Lending	-	-
Total	722,522	118,232

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans- Limited Collectability	383,555	1,274,532
Doubtful Loans	507,631	3,227,456
Uncollectible Loans	9,323,898	7,680,946
Total	10,215,084	12,182,934

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and loans restructured from this category

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
<i>Current Period</i>			
Gross amounts before provisions	198,077	361,159	3,891,429
Restructured Loans	198,077	361,159	3,891,429
<i>Prior Period</i>			
Gross amounts before provisions	917,130	2,851,375	1,114,141
Restructured Loans	917,130	2,851,375	1,114,141

Movements in non-performing loan groups

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
<i>Current Period</i>			
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

	Group III	Group IV	Group V
<i>Prior Period</i>	Substandard Loans	Doubtful Loans	Uncollectible Loans
Balances at End of Prior Period	3,147,412	5,035,594	5,570,378
Additions during the Period (+)	8,276,247	1,308,238	254,130
Transfer from Other NPL Categories (+)	78,808	8,148,723	8,735,761
Transfer to Other NPL Categories (-)	8,164,400	8,723,026	75,866
Collections during the Period (-)	833,163	879,932	1,279,552
Write down /Write-offs (-)	149	57	875,986
Debt Sale (-) (**)	-	4,101	1,022,714
Corporate and Commercial Loans	-	1,762	221,039
Retail Loans	-	1,652	489,301
Credit Cards	-	687	312,374
Other	-	-	-
Foreign Currency Differences	99,048	361,410	353,583
Balances at End of Period	2,603,803	5,246,849	11,659,734
Provisions (-)	1,274,532	3,227,456	7,680,946
Net Balance on Balance Sheet	1,329,271	2,019,393	3,978,788

(*) Details are disclosed in note 5.1.5.13.1 Disclosures on write down policy.

(**) All consists of sale of non-performing loans.

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
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
<i>Prior Period</i>			
Balance at End of Period	1,051,988	2,041,425	6,040,133
Provisions (-)	517,941	1,152,914	3,420,322
Net Balance at Balance Sheet	534,047	888,511	2,619,811

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)	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
Prior Period (Net)	1,329,271	2,019,393	3,978,788
Loans to Individuals and Corporates (Gross)	2,586,430	5,240,991	11,635,103
Provision (-)	1,266,314	3,225,700	7,658,978
Loans to Individuals and Corporates (Net)	1,320,116	2,015,291	3,976,125
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	17,373	5,858	24,631
Provision (-)	8,218	1,756	21,968
Other Loans and Receivables (Net)	9,155	4,102	2,663

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)	5,969	29,945	223,129
Interest accruals and valuation differences	11,523	46,748	628,747
Provision (-)	5,554	16,803	405,618
Prior Period (Net)	22,465	54,653	163,511
Interest accruals and valuation differences	60,203	130,332	402,983
Provision (-)	37,738	75,679	239,472

Collaterals received for non-performing loans

<i>Current Period</i>	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

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	14,230	377	-	14,607
Loans Collateralized by Mortgages	9,196,005	322,843	-	9,518,848
Loans Collateralized by Pledged Assets	1,432,716	59,136	-	1,491,852
Loans Collateralized by Cheques and Notes	200,985	5,714	-	206,699
Loans Collateralized by Other Collaterals	3,307,065	1,818,635	-	5,125,700
Unsecured Loans	1,530,171	359,234	1,263,275	3,152,680
Total	15,681,172	2,565,939	1,263,275	19,510,386

5.1.5.11 Expected credit loss for loans

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
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

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at End of Prior Period	942,150	4,027,289	8,124,589	13,094,028
Additions during the Period (+)	2,011,898	5,584,149	4,713,858	12,309,905
Disposal (-)	(2,511,214)	(3,178,773)	(1,080,557)	(6,770,544)
Debt Sale (-)	-	-	(1,025,130)	(1,025,130)
Write-offs (-)	(133)	(8)	(874,821)	(874,962)
Transfer to Stage1	1,276,145	(1,270,029)	(6,116)	-
Transfer to Stage 2	(520,603)	552,520	(31,917)	-
Transfer to Stage 3	(7,050)	(1,957,492)	1,964,542	-
Foreign Currency Differences	35,939	275,927	398,486	710,352
Balances at End of Period	1,227,132	4,033,583	12,182,934	17,443,649

5.1.5.12 Liquidation policy for uncollectible loans

Loans and other receivables Classified as Loss are collected through legal follow-up and conversion of collaterals into cash.

5.1.5.13 Write-off policy

5.1.5.13.1 Disclosures on write down policy

As of 31 December 2020, in accordance with the relevant accounting policy the Bank has written down “Group V Loan” (Loans Classified as Loss) amounting to TL 4,013,937. During the period, the non-performing loan ratio of the Bank decreased from 5.77% to 4.56% after the loans were written-off in accordance with the amendment on the relevant Provisions Regulation.

Write down	Current Period	
	TL	FC
Corporate/ Commercial Loans	1,388,082	1,505,156
Consumer Loans	616,025	-
Credit Carrds	504,674	-

As of 31 December 2020, Bank’s consolidated subsidiaries, has also written down “Group V Loan” (Loans Classified as Loss) amounting to TL 715,835. During the period, 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.

Write down (*)	Current Period	
	TL	FC
Corporate/ Commercial Loans	110,998	572,895
Consumer Loans	-	31,942
Credit Carrds	-	4,288

(*) One of the Bank’s consolidated subsidiaries, in accordance with the relevant accounting policy has partially written down TL 197,554 of a loan amounting to TL 267,833. The related loan, which was written down, was sold to the Parent Bank by its subsidiary for its fair value of TL 70,279. The remaining balance consists of 100% provisioned loans that were written down at the relevant date.

5.1.5.13.2 Disclosures on write-off policy

The general policy of the Bank regarding write-off process for loans under follow-up is to write-off the loans which are documented as uncollectible during the legal follow-up process. As of 31 December 2020, total loans written-off from assets are TL 11,150 (31 December 2019: TL 142,715).

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	3,024,586	2,626,412	2,338,813	2,036,260
Between 1-5 Years	4,345,357	3,950,201	3,444,202	3,128,201
Longer than 5 Years	183,390	174,857	155,520	148,642
Total	7,553,333	6,751,470	5,938,535	5,313,103

Non-performing loans are not included.

5.1.6.2 Net financial lease receivables

	Current Period	Prior Period
Gross Financial Lease Receivables	7,553,333	5,938,537
Unearned Income on Financial Lease Receivables (-)	(801,863)	(625,434)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	6,751,470	5,313,103

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2,182,336	717,711	1,641,030	616,255
Medium and Long-Term	22,713	3,809	168,149	4,729
Total	2,205,049	721,520	1,809,179	620,984

5.1.8 Financial assets measured at amortised cost

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	11,311,663	3,922,607	3,380,677	3,959,717
Investments subject to Repurchase Agreements	74,625	-	55,581	679,218
Total	11,386,288	3,922,607	3,436,258	4,638,935

5.1.8.2 Government securities measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	33,077,018	27,558,636
Treasury Bills	95,253	-
Other Government Securities	-	-
Total	33,172,271	27,558,636

5.1.8.3 Financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	27,673,452	20,404,822
Quoted at Stock Exchange	27,615,408	20,358,959
Unquoted at Stock Exchange	58,044	45,863
Valuation Increase / (Decrease)	5,565,459	7,315,520
Total	33,238,911	27,720,342

5.1.8.4 Movement of financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	27,720,342	24,654,009
Foreign Currency Differences on Monetary Assets	1,895,313	772,371
Purchases during the Period	7,310,245	1,248,680
Disposals through Sales/Redemptions	(3,251,006)	(199,492)
Valuation Effect	(435,983)	1,244,774
Balances at End of Period	33,238,911	27,720,342

5.1.8.5 Expected credit loss for financial assets measured at amortised cost

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
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

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at End of Prior Period	54,125	-	-	54,125
Additions during the Period (+)	85,056	-	-	85,056
Disposal (-)	(22,083)	-	-	(22,083)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	2,791	-	-	2,791
Balances at End of Period	119,889	-	-	119,889

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

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period		
Cost	1,171,231	870,977
Accumulated Depreciation	(12,173)	(13,293)
Net Book Value	1,159,058	857,684
End of Current Period		
Additions	175,246	542,907
Disposals (Cost)	(434,371)	(265,683)
Disposals (Accumulated Depreciation)	491	1,120
Reversal of Impairment / Impairment Losses	23,890	21,053
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	7,439	1,977
Cost	943,435	1,171,231
Accumulated Depreciation (-)	(11,682)	(12,173)
Net Book Value	931,753	1,159,058

5.1.9.2 Investments in subsidiaries and associates to be disposed

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	881,140	11
Impairment Losses (-)	(587,940)	-
Net Book Value	293,200	11
End of Current Period		
Additions(*)	-	881,129
Disposals (Cost)	-	-
Disposals (Accumulated Depreciation)	-	-
Impairment Losses (-)	(293,200)	(587,940)
Depreciation Expense for Current Period	-	-
Cost	881,140	881,140
Impairment Losses (-)	(881,140)	(587,940)
Net Book Value	-	293,200

(*)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 the current year, 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.

5.1.10 Investments in associates

5.1.10.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ	İstanbul/Turkey	-	5.26
2	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	4.98	4.98
3	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ ⁽²⁾	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ ⁽¹⁾	Ankara/ Turkey	1.49	1.49
9	JCR Avrasya Derecelendirme A.Ş. ⁽²⁾	İstanbul/Turkey	2.86	2.86
10	Birleşik İpotek Finansmanı A.Ş. ⁽³⁾	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	272,800	217,454	85,960	6,083	-	35,413	28,503	-
3	1,300,509	149,638	12,526	8,675	390	29,865	12,626	-
4	24,887,346	2,382,244	114,794	263,916	75,584	359,199	506,603	-
5	18,373,660	3,460,082	631,470	95,859	-	1,009,438	1,173,543	-
6	411,660	265,464	254,612	5,882	227	48,549	26,579	-
7	786,013,203	51,839,421	621,220	30,964,836	3,733,945	44,732,807	56,279,555	-
8	1,058,164	762,700	19,911	27,280	-	138,849	96,130	-
9	31,238	25,827	22,785	666	-	6,146	2,082	-
10	-	-	-	-	-	-	-	-

(1) Financial information is as of 30 September 2020.

(2) Financial information is as of 31 December 2019.

(3) Financial information is not available since the company is newly established in March 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

The Bank under the supervision of the Banks Association of Turkey, joined the capital of Birleşik İpotek Finansmanı A.Ş. which was established as a separate enterprise, in partnership with a total of 833,333 shares with a nominal value of TL 833, representing % of the capital.

The Bank purchased 28,559 shares of JCR Avrasya Rating A.Ş. with a nominal value of 29 TL, representing 2.86% of the capital, at a price of 2,755 TL.

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.

5.1.11 Investments in subsidiaries

Information on capital adequacy of major subsidiaries

<i>Current Period</i>	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

<i>Prior Period</i>	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	913,772	2,560,180	357,848	67,159	13,750
Share Premium	-	86,188	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,014,013	(23,430)	545,995	833,940	164,594
Other Comprehensive Income according to TAS	1,990,215	115,005	-	3,130	-
Current and Prior Periods' Profits	40,326	163,815	100,436	454,295	144,087
Minority interest	-	-	-	-	39,174
Common Equity Tier I Capital Before Deductions	3,958,326	2,901,758	1,004,279	1,358,524	361,605
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	13,067	795,952	668	(66)	95
Leasehold Improvements on Operational Leases (-)	-	164	-	1,197	4,505
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	35,037	361,254	13,004	42,949	3,560
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	48,104	1,157,370	13,672	44,080	8,160
Total Common Equity Tier I Capital	3,910,222	1,744,388	990,607	1,314,444	353,445
Total Deductions From Tier I Capital	-	-	-	-	-
Total Tier I Capital	3,910,222	1,744,388	990,607	1,314,444	353,445
TIER II CAPITAL	332,155	66,346	-	-	-
TOTAL CAPITAL	4,242,377	1,810,734	990,607	1,314,444	353,445

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	124,033	115,665	33	10,821	-	8,311	24,950	-	-
2	47,642	20,824	453	1,995	-	2,014	(394)	-	-
3	3,511	1,746	1,030	-	-	(68)	(101)	-	-
4	6,078	4,969	-	477	-	638	596	-	-
5	10,938	8,992	10,930	-	-	(5)	(3)	-	-
6	2,774,008	382,031	2,375,038	18,416	-	311,701	33,887	-	-
7	5,601	4,816	-	1,024	-	1,764	1,259	-	-

(*) 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.

5.1.11.2 Movement of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	8,448,841	6,942,044
Movements during the Period	2,822,877	1,506,797
Acquisitions and Capital Increases	-	-
Bonus Shares Received	382,110	-
Dividends from Current Year Profit	1,323,028	893,943
Sales/Liquidations	-	(352)
Reclassifications	-	-
Value Increase/Decrease ^(*) (^{**})	(907,974)	110,834
Currency Differences on Foreign Subsidiaries	2,025,713	502,372
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balances at End of Period	11,271,718	8,448,841
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.

(**) TL 594,393 thousands of this amount is due to the dividend distribution of Garanti Emeklilik AŞ as per the decision made at its Annual General Assembly meeting held on 31 December 2020.

Valuation methods of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value ^(*)	11,271,718	8,448,841

(*) 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

	<i>Current Period</i>	<i>Prior Period</i>
Banks	5,424,808	3,921,884
Insurance Companies	954,245	1,153,607
Factoring Companies	174,760	134,182
Leasing Companies	1,146,060	1,018,498
Finance Companies	3,571,845	2,220,670
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	178,491	135,322
Quoted at International Stock Exchanges	-	-

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	5,846,989	1,146,490	22,274	439,394	-	146,351	100,436	-
2	2,912,563	213,590	16,298	298,344	1,689	50,150	24,438	-
3	1,484,838	814,432	31,283	29,892	12,484	492,950	144,173	-
4	219,827	199,490	1,206	9,473	4,704	64,266	37,222	-
5	2,855,596	1,123,807	42,625	141,962	87,606	463,150	454,295	-
6	31,053,380	5,439,719	341,505	588,122	13,598	50,367	40,327	-
7	3,081,903	3,079,346	-	-	-	(743)	(537)	-
8	2,992,228	2,525,614	-	363	-	(26,581)	(21,908)	-
9	20,029,104	3,020,827	669,623	655,336	99,877	125,109	162,462	-
10	1,486,164	272,887	9,861	77,580	-	21,253	20,769	-
11	1,071,068	176,963	21,324	81,899	-	17,237	12,178	-
12	42,829	40,853	954	1,333	2,500	1,202	3,639	103,360

(**) 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

None.

5.1.13 Tangible assets

	Real Estates	Right-of-use Assets	Vehicles	Other Tangible Assets	Total
Cost	3,554,758	1,406,447	33,292	3,453,325	8,447,822
Accumulated Depreciation	(74,352)	(317,799)	(21,808)	(2,505,564)	(2,919,523)
Net Book Value	3,480,406	1,088,648	11,484	947,761	5,528,299
Balances at End of Current Period					
Additions	37,470	555,822	9,187	783,787	1,386,266
Revaluation Model Difference	355,423	-	-	-	355,423
Revaluation Model Difference (Accumulated Depreciation)	55,769	-	-	-	55,769
Transfers to Investment Property	(24,274)	-	-	-	(24,274)
Disposals (Cost)	(11,434)	(381,283)	(2,645)	(642,571)	(1,037,933)
Disposals (Accumulated Depreciation)	4,985	53,930	2,581	310,309	371,805
Reversal of Impairment Losses (-)	(70,084)	-	-	31	(70,053)
Depreciation Expense for Current Period	(43,452)	(340,696)	(4,754)	(347,666)	(736,568)
Currency Translation Differences on Foreign Operations (Cost)	79,690	51,804	2,747	120,355	254,596
Currency Translation Differences on Foreign Operations (Accumulated Depreciation)	(2,684)	(15,611)	(2,462)	(102,502)	(123,259)
Net Book Values at End of Current Period	3,861,815	1,012,614	16,138	1,069,504	5,960,071
Cost at End of Current Period	3,921,549	1,632,790	42,581	3,714,927	9,311,847
Accumulated Depreciation at End of Current	(59,734)	(620,176)	(26,443)	(2,645,423)	(3,351,776)
Net Book Values at End of Current Period	3,861,815	1,012,614	16,138	1,069,504	5,960,071

The Bank and its financial subsidiaries account their real estates recorded under tangible assets based on the revaluation model in accordance with the Turkish Accounting Standard 16 (TAS 16) "Property, Plant and Equipment". Accordingly, for all real estates registered in the ledger, valuation studies are performed by independent expertise firms.

5.1.14 Intangible assets

5.1.14.1 Useful lives and amortisation rates

The consolidation goodwill classified under intangible assets is not amortized. The estimated useful lives of softwares and other intangible assets vary between 3 and 15 years.

5.1.14.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation. The consolidation goodwill is not amortized, however is subject to impairment testing regularly and if there is any impairment, a provision is made.

5.1.14.3 Balances at end of current period

	Current Period		Prior Period	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intangible Assets	1,556,696	942,298	1,227,876	747,970

5.1.14.4 Movements of intangible assets for current period

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	479,906	416,072
Internally Generated Intangibles	-	31
Additions due to Mergers, Transfers and Acquisition	337,596	201,667
Disposals (-)	(61,601)	(3,281)
Impairment Losses/Reversals to/from Revaluation Surplus	-	-
Impairment Losses Recorded in Income Statement	-	-
Impairment Losses Reversed from Income Statement	-	-
Amortisation Expense for Current Period (-)	(165,387)	(140,804)
Currency Translation Differences on Foreign Operations	21,796	4,234
Other Movements	2,088	1,987
Net Book Value at End of Current Period	614,398	479,906

5.1.14.5 Details for any individually material intangible assets

None.

5.1.14.6 Intangible assets capitalised under government incentives at fair values

None.

5.1.14.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates

None.

5.1.14.8 Net book value of intangible asset that are restricted in usage or pledged

None.

5.1.14.9 Commitments to acquire intangible assets

None.

5.1.14.10 Disclosure on revalued intangible assets

None.

5.1.14.11 Research and development costs expensed during current period

None.

5.1.14.12 Goodwill

Goodwill	Shares %	Carrying Value
Garanti Yatırım Menkul Kıymetler AŞ	100.00	2,778
Garanti Finansal Kiralama AŞ	100.00	2,119
Garanti Faktoring AŞ	55.40	1,491
Total		6,388

5.1.14.13 Movements in goodwill during current period

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	6,388	6,388
Movements in Current Period	-	-
Additions	-	-
Adjustments due to the Changes in Value of Assets and Liabilities	-	-
Disposals in Current Period due to a Discontinued Operation Or Partial or Complete Disposal of an Asset (-)	-	-
Amortisation Expense for Current Period (-)	-	-
Impairment Losses (-)	-	-
Reversal of Impairment Losses (-)	-	-
Other changes in Book Values	-	-
Net Book Value at End of Current Period	6,388	6,388

5.1.15 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning of Period	569,719	558,309
Additions	441	35,343
Disposals	(81,929)	(268)
Transfers	14,471	-
Fair Value Change	58,823	(23,665)
Net Currency Translation Differences on Foreign Subsidiaries	-	-
Net Book Value at End of Period	561,525	569,719

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.

5.1.16 Deferred tax asset

As of 31 December 2020, on a consolidated basis the Bank has a deferred tax asset of TL 3,640,403 (31 December 2019: TL 1,882,010) 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 December 2020, deferred tax assets of TL 4,012,676 (31 December 2019: TL 2,232,124) are reduced by deferred tax liabilities of TL 372,273 (31 December 2019: TL 350,114) with offsetting characteristics and presented as net in the accompanying consolidated financial statements, 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.

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	4,292,575	809,652	2,839,430	549,331
Stages 1&2 Credit Losses	12,109,861	2,422,529	5,794,132	1,213,642
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	2,536,313	583,325	1,075,265	178,924
Revaluation Differences on Real Estates	(2,398,994)	(296,636)	(1,870,033)	(187,155)
Other	592,055	121,533	581,831	127,268
Deferred Tax Asset	17,131,810	3,640,403	8,420,625	1,882,010

(*) 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 December 2020, TL 1,726,541 (31 December 2019: TL 431,237 of deferred tax income) of deferred tax income and TL 24,831 (31 December 2019: TL 78,763 of deferred tax expense) of deferred tax income were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Other Assets

	<i>Current Period</i>		<i>Prior Period</i>	
	TP	YP	TP	YP
Derivative Assets (Derivative Quarantees)	588,354	10,191,100	290,673	6,845,390
Receivables From Clearing Transactions	4,473,668	24,134	3,306,061	76,901
Prepaid Expenses	2,121,400	49,363	1,376,623	17,941
Cash Guarantees Given	280,539	374,522	69,104	200,673
Receivables From Forward Sale of Assets	1,137	147,246	1,137	114,592
Other	437,462	337,802	458,647	406,002
Total	7,902,560	11,124,167	5,502,245	7,661,499

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	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

<i>Prior Period</i>	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	17,433,837	-	3,116,931	51,677,816	571,816	383,980	1,585,582	2,370	74,772,332
Foreign Currency Deposits	51,062,394	-	14,477,678	69,825,350	5,051,064	5,186,890	9,913,217	34,608	155,551,201
Residents in Turkey	37,397,146	-	12,952,855	64,791,799	2,293,257	1,974,114	1,811,661	33,422	121,254,254
Residents in Abroad	13,665,248	-	1,524,823	5,033,551	2,757,807	3,212,776	8,101,556	1,186	34,296,947
Public Sector Deposits	1,283,224	-	19,396	39,676	-	11	58	-	1,342,365
Commercial Deposits	11,489,191	-	8,625,643	10,217,039	129,187	88,491	1,216,056	-	31,765,607
Others	320,716	-	142,512	601,501	2,407	246,285	3,730,349	-	5,043,770
Precious Metal Deposits	4,958,792	-	2,342	179,827	343,121	36,038	613,179	-	6,133,299
Bank Deposits	2,322,684	-	169,266	51,014	116,070	4,753	4,964	-	2,668,751
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	30,924	-	-	-	-	4,753	-	-	35,677
Foreign Banks	330,928	-	169,266	51,014	116,070	-	4,964	-	672,242
Special Financial Institutions	1,960,832	-	-	-	-	-	-	-	1,960,832
Others	-	-	-	-	-	-	-	-	-
Total	88,870,838	-	26,553,768	132,592,223	6,213,665	5,946,448	17,063,405	36,978	277,277,325

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	41,100,178	39,677,571	42,087,999	34,453,878
Foreign Currency Saving Deposits	46,222,647	37,004,702	88,027,097	70,678,418
Other Saving Deposits	10,285,722	3,179,119	10,189,152	2,565,718
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,427,705	1,169,315	238	57
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

None.

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	19,853	19,694
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	162,289	166,340
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	674,365	1,288,090	-	860,923
Domestic Banks and Institutions	1,345,613	2,371,039	1,326,874	1,320,690
Foreign Banks, Institutions and Funds	213,574	20,727,502	1,361,081	20,752,491
Total	2,233,552	24,386,631	2,687,955	22,934,104

5.2.2.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2,008,035	3,505,464	1,326,881	2,991,738
Medium and Long-Term	225,517	20,881,167	1,361,074	19,942,366
Total	2,233,552	24,386,631	2,687,955	22,934,104

5.2.2.2 Disclosures for concentration areas of bank's liabilities

The Bank finances its ordinary banking activities through deposits and funds borrowed. Its deposit structure has a balanced TL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad, TL funds obtained through repurchase transactions, and TL and foreign currency securities issued.

5.2.3 Money market funds

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	117,688	-	94,463	-
Financial Institutions and Organizations	29,847	-	16,856	-
Other Institutions and Organizations	43,103	-	38,539	-
Individuals	44,738	-	39,068	-
Foreign Transactions	881	2,065,661	81	1,370,446
Financial Institutions and Organizations	-	2,065,661	-	1,370,446
Other Institutions and Organizations	850	-	-	-
Individuals	31	-	81	-
Total	118,569	2,065,661	94,544	1,370,446

5.2.4 Securities issued

<i>Current Period</i>	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

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	4,832,936	2,032,018	-	15,882,842
Cost	4,822,428	2,030,144	-	15,809,477
Carrying Value (*)	4,825,540	1,210,544	-	14,990,453

(*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL 1,581,953 and foreign currency securities with a total face value of USD 215,966,090 (31 December 2019: 863,079 TL and USD 206,943,000) 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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Securities Issued	-	16,137,939	-	14,342,293
Total	-	16,137,939	-	14,342,293

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,323,462,798 (31 December 2019: USD 2,511,607,143) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 31 December 2020, the accumulated fair value change of the related financial liability amounted to TL 1,265,467 (31 December 2019: TL 725,306) and the corresponding gain/loss recognised in the statement of loss amounted to TL 540,161 (31 December 2019: TL 205,521). The carrying value of the related financial liability amounted to TL 16,137,939 (31 December 2019: TL 14,342,293).

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;

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	145,739	14,697	155,718	7,065
Swap Transactions	4,058,363	3,337,870	931,412	1,730,884
Futures	28	-	6	-
Options	44,774	33,686	113,327	105,537
Others	-	1,114	-	298
Total	4,248,904	3,387,367	1,200,463	1,843,784

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	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	1,623	493,635	104,982	355,722
Cash Flow Hedges	132,029	273,332	639,826	94,888
Net Foreign Investment Hedges	-	-	-	-
Total	133,652	766,967	744,808	450,610

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

5.2.7 Factoring payables

None.

5.2.8 Lease payables

5.2.8.1 Operational lease agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	268,143	200,977	383,053	247,396
Between 1-5 Years	722,382	533,480	846,977	550,604
Longer than 5 Years	419,578	291,910	547,238	336,770
Total	1,410,103	1,026,367	1,777,268	1,134,770

As of 31 December 2020, 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 13.9%, 1.7%, 7.0% and 5.5% (31 December 2019: 21.2%, 2.5%, 7% and 8%) respectively.

5.2.9 Provisions

5.2.9.1 Reserve for employee severance indemnity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	558,285	489,257
Provision for the Period	144,791	142,503
Actuarial Gain/Loss	120,886	(4,293)
Payments During the Period	(56,456)	(69,182)
Balances at End of Period	767,506	558,285

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

None (31 December 2019: None).

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans and Receivables - Limited Collectibility	5,004	52,031
Doubtful Loans and Receivables	3,846	186,431
Uncollectible Loans and Receivables	804,299	386,110
Total	813,149	624,572

5.2.9.4 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	1,453,532	1,246,661
Insurance Technical Provisions, Net	829,112	640,533
Provision for Promotion Expenses of Credit Cards	233,515	172,525
Provision for Lawsuits	316,873	488,730
Provision for Non-Cash Loans	2,151,889	1,214,480
Other Provisions ^(*)	5,050,650	2,763,444
Total	10,035,571	6,526,373

(*) Includes total general reserve of TL 4,650,000 (31 December 2019: 2,500,000) consisting of TL 2,150,000 and TL 2,500,000 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.

	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)

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 December 2020, the corporate tax liability amounts to TL 1,845,890 (31 December 2019: TL 683,990) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

5.2.10.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	1,845,890	683,990
Taxation on Securities Income	102,988	190,677
Taxation on Real Estates Income	8,665	5,321
Banking Insurance Transaction Tax	196,794	209,765
Foreign Exchange Transaction Tax	19,230	10,997
Value Added Tax Payable	13,494	35,049
Others	90,120	101,866
Total	2,277,181	1,237,665

5.2.10.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	6,310	5,411
Social Security Premiums-Employer	4,682	3,438
Bank Pension Fund Premium-Employees	345	37
Bank Pension Fund Premium-Employer	532	37
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	2,069	1,752
Unemployment Insurance-Employer	5,155	3,586
Others	73	49
Total	19,166	14,310

5.2.10.2 Deferred tax liability

As of 31 December 2020, the deferred tax liability amounts to TL 48,863 (31 December 2019: TL 29,480).

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

None.

5.2.12 Subordinated debts

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	1,029,532	-	261,478	-
Foreign Banks	-	-	-	4,468,229
Foreign Other Institutions	-	5,569,437	-	-
Total	1,029,532	5,569,437	261,478	4,468,229

Disclosures on subordinated debts are reported in Note 4.1.2.

5.2.13 Other liabilities

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	13,340,047	93,086	9,955,158	136,071
Payables from clearing transactions	3,534,101	23,089	2,978,282	74,119
Other	1,985,408	4,145,343	1,319,133	2,073,593
Total	18,859,556	4,261,518	14,252,573	2,283,783

5.2.14 Shareholders' equity

5.2.14.1 Paid-in capital

	<i>Current Period</i>	<i>Prior Period</i>
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.

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;

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC		
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	183,445	117,029	(40,429)	155,810
Valuation Difference	190,085	117,029	(40,429)	155,810
Exchange Rate Difference	(6,640)	-	-	-
Total	183,445	117,029	(40,429)	155,810

5.2.14.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC		
Movables	52,120	14,759	24,125	194,826
Real Estates	1,849,148	99,290	1,525,315	72,648
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates allocated for Capital Increases	-	-	-	-
Other	(302,746)	-	(172,475)	-
Total	1,598,522	114,049	1,376,965	267,474

5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures

	<i>Current Period</i>	<i>Prior Period</i>
Bankalararası Kart Merkezi AŞ	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	913

5.2.14.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	1,126,710	1,092,170
II. Legal Reserve	507,264	507,264
Special Reserves	-	-
Total	1,633,974	1,599,434

5.2.14.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	44,235,769	38,013,495

5.2.14.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	273,910	197,546
Profit Share of Subsidiaries Net Profits	80,073	76,476
Prior Period Dividend Payment	(106,518)	(680)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	214	568
Balance at End of Period	247,679	273,910

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 27,918,231 (31 December 2019: TL 15,882,503), commitments for cheque payments of TL 3,174,209 (31 December 2019: TL 3,184,727) and commitments for credit card limits of TL 47,352,117 (31 December 2019: TL 38,234,015).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	33,857,845	26,872,148
Letters of Guarantee in TL	31,475,024	23,555,242
Letters of Credit	13,163,222	10,676,483
Bills of Exchange and Acceptances	2,173,451	1,579,043
Prefinancings	-	-
Other Guarantees	125,852	74,179
Total	80,795,394	62,757,095

Expected losses for non-cash loans and irrevocable commitments

	Stage 1	Stage 2	Stage 3	Total
Current 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

	Stage 1	Stage 2	Stage 3	Total
Prior Period				
Balances at Beginning of Period	123,751	245,225	285,681	654,657
Additions during the Period (+)	309,983	457,568	342,817	1,110,368
Disposal (-)	(268,789)	(180,334)	(148,924)	(598,047)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	92,434	(91,370)	(1,064)	-
Transfer to Stage 2	(25,400)	26,879	(1,479)	-
Transfer to Stage 3	(401)	(119,500)	119,901	-
Foreign Currency Differences	6,873	12,989	27,640	47,502
Balances at End of Period	238,451	351,457	624,572	1,214,480

Lifetime expected credit loss (Stage 3) of TL 813,149 (31 December 2019: TL 624,572) is made for unliquidated non-cash loans of TL 1,441,170 (31 December 2019: TL 1,544,164) 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".

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	14,143,550	11,045,938
<i>With Original Maturity of 1 Year or Less</i>	2,272,692	1,673,837
<i>With Original Maturity of More Than 1 Year</i>	11,870,858	9,372,101
Other Non-Cash Loans	66,651,844	51,711,157
Total	80,795,394	62,757,095

5.3.1.4 Other information on non-cash loans

	<i>Current Period</i>			
	TL	(%)	FC	(%)
Agriculture	120,752	0.38	235,022	0.48
<i>Farming and Stockbreeding</i>	78,187	0.25	182,686	0.37
<i>Forestry</i>	20,634	0.06	35,972	0.07
<i>Fishery</i>	21,931	0.07	16,364	0.03
Manufacturing	8,088,269	25.42	22,824,450	46.61
<i>Mining and Quarrying</i>	311,013	0.98	392,989	0.80
<i>Production</i>	5,507,663	17.31	14,702,099	30.02
<i>Electricity, Gas, Water</i>	2,269,593	7.13	7,729,362	15.78
Construction	3,913,005	12.30	8,396,510	17.15
Services	17,526,121	55.07	15,369,695	31.39
<i>Wholesale and Retail Trade</i>	10,060,778	31.61	5,653,734	11.55
<i>Accommodation and Dining</i>	763,987	2.40	690,737	1.41
<i>Transportation and Telecommunication</i>	1,562,899	4.91	2,918,030	5.96
<i>Financial Institutions</i>	3,345,100	10.51	5,808,752	11.86
<i>Real Estate and Rental Services</i>	1,497,849	4.71	224,114	0.46
<i>Professional Services</i>	-	-	-	-
<i>Educational Services</i>	44,668	0.14	2,345	0.00
<i>Health and Social Services</i>	250,840	0.79	71,983	0.15
Others	2,176,193	6.84	2,145,377	4.38
Total	31,824,340	100.00	48,971,054	100.00

	<i>Prior Period</i>			
	TL	(%)	FC	(%)
Agriculture	82,088	0.35	82,438	0.21
<i>Farming and Stockbreeding</i>	57,843	0.24	71,349	0.18
<i>Forestry</i>	18,383	0.09	2,861	0.01
<i>Fishery</i>	5,862	0.02	8,228	0.02
Manufacturing	6,260,335	26.46	19,436,019	49.71
<i>Mining and Quarrying</i>	206,972	0.87	165,395	0.42
<i>Production</i>	3,979,058	16.82	12,962,588	33.15
<i>Electricity, Gas, Water</i>	2,074,305	8.77	6,308,036	16.13
Construction	3,559,594	15.05	4,895,904	12.52
Services	11,603,232	49.05	12,030,732	30.77
<i>Wholesale and Retail Trade</i>	7,574,284	32.02	4,744,647	12.13
<i>Accommodation and Dining</i>	508,837	2.15	437,836	1.12
<i>Transportation and Telecommunication</i>	939,459	3.97	2,414,923	6.18
<i>Financial Institutions</i>	1,989,264	8.41	4,065,094	10.40
<i>Real Estate and Rental Services</i>	361,873	1.53	253,606	0.65
<i>Professional Services</i>	-	-	-	-
<i>Educational Services</i>	48,806	0.21	1,756	0.00
<i>Health and Social Services</i>	180,709	0.76	112,870	0.29
Others	2,150,323	9.09	2,656,430	6.79
Total	23,655,572	100.00	39,101,523	100.00

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

<i>Current Period</i>	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	28,350,985	43,422,047	3,371,337	4,620,007
Letters of Guarantee	28,015,726	28,670,422	3,357,280	4,260,268
Bills of Exchange and Bank Acceptances	64,784	1,974,826	5,410	126,586
Letters of Credit	270,475	12,650,947	8,647	233,153
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	125,852	-	-

<i>Prior Period</i>	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	20,778,770	35,247,709	2,544,787	2,840,202
Letters of Guarantee	20,678,440	23,279,141	2,544,787	2,580,875
Bills of Exchange and Bank Acceptances	35,845	1,533,885	-	7,833
Letters of Credit	64,485	10,362,227	-	249,771
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Surities	-	72,456	-	1,723

5.3.2 Financial derivative instruments

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management						
A. Total Derivative Financial Instruments held for Risk Management	1,673,036	1,388,763	3,432,142	25,937,310	9,856,655	42,287,906
Fair Value Hedges	-	3,672	108,046	3,464,446	5,202,241	8,778,405
Cash Flow Hedges	1,673,036	1,385,091	3,324,096	22,472,864	4,654,414	33,509,501
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency related Derivative Transactions (I)	130,995,776	80,796,821	28,141,999	2,419,948	1,599,460	243,954,004
Currency Forwards – Purchases	3,583,742	3,332,019	3,336,701	133,771	-	10,386,233
Currency Forwards – Sales	3,531,876	3,200,622	3,130,080	132,947	-	9,995,525
Currency Swaps – Purchases	55,076,797	35,230,429	9,135,088	1,080,104	844,730	101,367,148
Currency Swaps – Sales	64,057,763	37,584,329	9,918,173	1,061,524	754,730	113,376,519
Currency Options – Purchases	1,801,527	421,555	852,907	5,784	-	3,081,773
Currency Options – Sales	1,963,099	434,376	836,758	5,818	-	3,240,051
Currency Futures – Purchases	501,272	302,326	442,800	-	-	1,246,398
Currency Futures – Sales	479,700	291,165	489,492	-	-	1,260,357
Interest Rate related Derivative Transactions (II)	12,650,092	13,942,984	18,236,744	34,770,376	65,570,766	145,170,962
Interest Rate Swaps – Purchases	6,319,347	6,922,163	9,118,578	17,052,287	32,194,983	71,607,358
Interest Rate Swaps – Sales	6,319,347	6,922,163	9,118,166	17,052,287	32,194,983	71,606,946
Interest Rate Options – Purchases	-	-	-	665,802	1,180,800	1,846,602
Interest Rate Options – Sales	-	-	-	-	-	-
Securities Options – Purchases	2,960	22,051	-	-	-	25,011
Securities Options – Sales	8,438	76,607	-	-	-	85,045
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	-	-	-	-	-
Other Trading Derivatives (III)	8,373,543	403,504	206,295	12,154,311	22,140,000	43,277,653
B. Total Trading Derivatives (I+II+III)	152,019,411	95,143,309	46,585,038	49,344,635	89,310,226	432,402,619
Total Derivative Transactions (A+B)	153,692,447	96,532,072	50,017,180	75,281,945	99,166,881	474,690,525

<i>Prior Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Derivative Financial Instruments held for Risk Management						
A. Total Derivative Financial Instruments held for Risk Management	207,286	1,516,182	11,785,096	37,103,482	15,335,525	65,947,571
Fair Value Hedges	-	678,102	1,869,214	7,967,628	10,928,014	21,442,958
Cash Flow Hedges	207,286	838,080	9,915,882	29,135,854	4,407,511	44,504,613
Net Foreign Investment Hedges	-	-	-	-	-	-
Trading Derivatives	-	-	-	-	-	-
Foreign Currency related Derivative Transactions (I)	97,200,426	53,632,581	32,425,811	5,683,643	1,606,303	190,548,764
Currency Forwards – Purchases	2,904,428	1,880,546	3,153,314	157,404	-	8,095,692
Currency Forwards – Sales	2,886,386	1,842,199	3,091,346	171,978	-	7,991,909
Currency Swaps – Purchases	43,219,380	21,251,093	9,755,852	1,903,604	741,615	76,871,544
Currency Swaps – Sales	39,490,564	21,412,012	9,929,830	1,881,587	864,688	73,578,681
Currency Options – Purchases	4,257,046	3,149,744	3,182,866	763,879	-	11,353,535
Currency Options – Sales	4,415,113	3,578,695	3,240,735	755,959	-	11,990,502
Currency Futures – Purchases	14,441	259,759	36,343	25,549	-	336,092
Currency Futures – Sales	13,068	258,533	35,525	23,683	-	330,809
Interest Rate related Derivative Transactions (II)	336,068	332,016	9,615,576	15,905,078	52,316,021	78,504,759
Interest Rate Swaps – Purchases	140,040	91,784	1,870,976	7,952,539	25,319,432	35,374,771
Interest Rate Swaps – Sales	140,040	91,784	1,870,976	7,952,539	25,319,432	35,374,771
Interest Rate Options – Purchases	-	-	4,971,964	-	1,677,157	6,649,121
Interest Rate Options – Sales	-	-	888,120	-	-	888,120
Securities Options – Purchases	21,084	58,396	8,400	-	-	87,880
Securities Options – Sales	34,904	60,448	5,140	-	-	100,492
Interest Rate Futures – Purchases	-	-	-	-	-	-
Interest Rate Futures – Sales	-	29,604	-	-	-	29,604
Other Trading Derivatives (III)	4,074,028	693,099	159,893	3,950,269	11,101,510	19,978,799
B. Total Trading Derivatives (I+II+III)	101,610,522	54,657,696	42,201,280	25,538,990	65,023,834	289,032,322
Total Derivative Transactions (A+B)	101,817,808	56,173,878	53,986,376	62,642,472	80,359,359	354,979,893

5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2020, there are total return swaps of the Bank with a total face value of USD 2,323,462,798 (31 December 2019: USD 2,511,607,143) classified under “other derivative financial instruments”, where the Bank is on the selling side of the protection.

5.3.4 Contingent liabilities and assets

The Bank and its consolidated financial affiliates made a total provision amounting to TL 316,873 (31 December 2019: TL 488,730) for the lawsuits filed by various customers and institutions which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.2.9.4, other provisions. There are various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

It is possible that the parent Bank or its consolidated financial affiliates may be required to provide additional collateral for the derivative transactions involved due to changes in certain financial indicators such as CDS levels, currency exchange rates, interest rates etc.

5.3.5 Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

5.4 Consolidated statement of profit or loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	7,770,245	803,844	10,167,361	860,747
Medium and long-term loans	16,030,524	5,622,234	16,499,113	5,707,374
Loans under follow-up	481,968	211,158	503,825	127,786
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	24,282,737	6,637,236	27,170,299	6,695,907

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

5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	292	-	10,979	165,825
Domestic Banks	99,421	39,274	325,094	49,001
Foreign Banks	2,733	59,189	5,936	298,373
Foreign Head Offices and Branches	-	-	-	-
Total	102,446	98,463	342,009	513,199

5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	98,770	34,078	103,938	9,593
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,619,478	550,876	2,286,211	498,177
Financial Assets Measured at Amortised Cost	2,837,449	417,610	2,483,331	277,661
Total	5,555,697	1,002,564	4,873,480	785,431

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 December 2020, the valuation of such securities was made according to annual inflation as of balance sheet date.

5.4.1.4 Interest income received from associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Subsidiaries	43,428	25,224

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	202,264	362,774	275,545	515,094
Central Bank of Turkey	23,624	1,896	-	4,672
Domestic Banks	79,317	60,343	122,706	75,575
Foreign Banks	99,323	300,535	152,839	434,847
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	782,017	-	1,008,496
Total	202,264	1,144,791	275,545	1,523,590

(*) Includes also 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	22,428	26,576

5.4.2.3 Interest expenses on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	848,365	1,480,570	1,049,102	1,601,424

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	1,404	55,181	-	-	-	-	-	56,585
Saving Deposits	2,212	288,233	5,024,558	33,528	26,575	178,182	-	5,553,288
Public Sector Deposits	-	8,734	8,668	1	-	1	-	17,404
Commercial Deposits	129	1,108,513	1,133,476	22,768	24,347	116,980	-	2,406,213
Others	2	43,861	126,184	33,514	14,578	465,143	-	683,282
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	3,747	1,504,522	6,292,886	89,811	65,500	760,306	-	8,716,772
Foreign Currency								
Foreign Currency Deposits	5,005	111,813	335,624	43,269	62,434	133,781	339	692,265
Bank Deposits	(1,203)	717	2,303	6,023	11,434	1,084	-	20,358
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	21	7,846	-	7,867
Total FC	3,802	112,530	337,927	49,292	73,889	142,711	339	720,490
Grand Total	7,549	1,617,052	6,630,813	139,103	139,389	903,017	339	9,437,262

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	3,059	65,200	-	-	-	-	-	68,259
Saving Deposits	2,347	421,487	8,302,030	429,739	270,841	595,899	-	10,022,343
Public Sector Deposits	-	2,948	6,579	523	106	8	-	10,164
Commercial Deposits	298	1,335,174	1,606,867	79,599	81,946	186,794	-	3,290,678
Others	11	35,436	154,228	7,675	90,085	695,752	-	983,187
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	5,715	1,860,245	10,069,704	517,536	442,978	1,478,453	-	14,374,631
Foreign Currency								
Foreign Currency Deposits	21,787	215,367	1,396,566	120,225	138,699	225,963	441	2,119,048
Bank Deposits	-	5,162	846	3,910	9,342	8,959	-	28,219
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	23	244	129	6,813	-	7,209
Total FC	21,787	220,529	1,397,435	124,379	148,170	241,735	441	2,154,476
Grand Total	27,502	2,080,774	11,467,139	641,915	591,148	1,720,188	441	16,529,107

5.4.2.5 *Interest expense on money market transactions*

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Paid on Repurchase Agreements	246,133	10,855	25,012	18,837

5.4.2.6 *Lease expenses*

5.4.2.6.1 *Financial lease expenses*

	<i>Current Period</i>	<i>Prior Period</i>
Financial Lease Expenses	-	2,788

5.4.2.6.2 *Operational lease expenses*

	<i>Current Period</i>	<i>Prior Period</i>
Operational lease expenses	133,480	185,305

5.4.2.7 *Interest expenses on factoring payables*

None.

5.4.3 *Dividend income*

	<i>Current Period</i>	<i>Prior Period</i>
Financial Assets Valued at Fair Value through Profit or Loss	3,002	2,291
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Others	19,176	8,985
Total	22,178	11,276

5.4.4 Trading income/losses (net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	157,883,943	133,364,923
Trading Account Income	1,813,299	492,021
Derivative Financial Instruments	13,715,437	28,315,997
Foreign Exchange Gain	142,355,207	104,556,905
Losses (-)	157,181,049	135,170,985
Trading Account Losses	1,238,967	649,105
Derivative Financial Instruments	19,936,534	31,251,304
Foreign Exchange Losses	136,005,548	103,270,576
Total	702,894	(1,806,062)

TL 4,605,151 (31 December 2019: TL 2,448,840) of foreign exchange gains and TL 1,990,681 (31 December 2019: TL (2,538,991)) 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 15,965,405 and EUR 18,421,064 and securitization borrowings amounting to EUR 33,994,728 by designating cross currency swaps with the same face values and terms and securitizations amounting to USD 399,186,992 and EUR 30,000,000 and deposits amounting to TL 1,730,000, USD 610,000,000 and forward EUR 480,000,000 by designating interest rate swaps with the same face values. Accordingly, in the current period, gain of TL 16,656 (31 December 2019: gain of TL 19,136) and loss of TL (247,380) (31 December 2019: loss of TL (623,240)) 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 55,544,712 and EUR 43,337,771, 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 12,559 (31 December 2019: gain of TL 161,485) and TL 371,381 (31 December 2019: gain of TL 206,320) 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 67,639,959 in total (31 December 2019: None) 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 December 2020, TL (24,655) 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 67,639,959 in total (31 December 2019: None) 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 December 2020, TL 24,655 (31 December 2019: 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 2019: None) 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 December 2020, TL (3,338) (31 December 2019: 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 840 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 19,257 (31 December 2019: gain of TL 819). 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 10,489 (31 December 2019: a loss of TL 6,764) 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 610,122,778 sell and EUR 63,172,553 buy, SEK 6,832,438 sell and EUR 657,258 buy, PLN 207,219 sell and EUR 44,700 buy, HUF 1,908,719,444 sell and EUR 5,518,455 buy, DKK 5,570,302 sell and EUR 748,215 buy, NOK 2,573,751 sell and EUR 230,824 buy, RON 8,333,330 sell and EUR 1,642,753 buy, CHF 42,095 sell and EUR 39,390 buy. Accordingly, in the current period, a loss of TL 2,378 (31 December 2019: a loss of TL 9,999) resulting from currency derivative contracts were recognized under shareholder’s equity.

One of the Bank's consolidated subsidiaries enters into foreign currency derivative contracts to hedge the foreign currency risk of its expected future cash flows. In this respect, the subsidiary applied cash flow hedge accounting for its financial lease receivables granted in Foreign Currency by designating swaps with the same face value amount and similar terms; EUR 15,000,000 sell and TL 139,095,000 buy, USD 29,000,000 sell and TL 209,090,000 buy. Accordingly, in the current period, a loss of TL 5,484 (31 December 2019: a loss of TL 4,247) resulting from interest rate swap agreements and a gain of TL 3,751 (31 December 2019: a gain of TL 22,856) 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.

In the current period, a part of non-performing receivables of the Bank's one of its consolidated subsidiaries amounting to TL 147,010 (31 December 2019: 1,026,813) were sold for a consideration of TL 54,892 (31 December 2019: 70,566). Considering the related provision of TL 122,788 (31 December 2019: 1,025,129) made in the financial statements, a gain of TL 30,670 (31 December 2019: 68,882) is recognized under "Other Operating Income".

	<i>Current Period</i>	<i>Prior Period</i>
Prior Year Reversals	4,579,702	4,166,567
Stage 1	1,317,604	1,156,539
Stage 2	1,645,664	1,731,371
Stage 3	1,421,253	1,129,416
Others	195,181	149,241
Income from term sale of assets	138,213	103,562
Others (*)	1,832,208	1,406,655
Total	6,550,123	5,676,784

(*) Premium income from insurance business amounting to TL 1,346,544 (31 December 2019: TL 1,037,739) which is included in other operating income in the accompanying financial statements is presented in "others" line item.

5.4.6 Expected credit losses and other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Expected Credit Losses	14,330,950	11,491,709
<i>12-Month ECL (Stage 1)</i>	<i>2,749,573</i>	<i>1,567,920</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>6,900,740</i>	<i>3,005,735</i>
<i>Impaired Credits(Stage 3)</i>	<i>4,680,637</i>	<i>6,918,054</i>
Other Provisions	3,829,044	855,943
Impairment Losses on Securities	62,208	16,569
<i>Financial Assets Measured at Fair Value through Profit or Loss</i>	<i>56,806</i>	<i>12,752</i>
<i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i>	<i>5,402</i>	<i>3,817</i>
Impairment Losses on Associates, Subsidiaries and Joint-ventures	295,281	-
<i>Associates</i>	<i>295,281</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint-ventures (business partnership)</i>	<i>-</i>	<i>-</i>
Others	3,471,555	839,374
Total	18,159,994	12,347,652

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	109,294	103,721
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	98,951	24,104
Depreciation Expenses of Tangible Assets	395,872	400,186
Impairment Losses on Intangible Assets	-	328
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	165,387	140,883
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	7,881	23,167
Depreciation Expenses of Right-of-use Assets	340,696	327,302
Impairment Losses on Assets Held for Sale and Discontinued Assets	3,635	1,578
Other Operating Expenses	4,673,571	3,816,051
<i>Operational Lease related Expenses (*)</i>	<i>193,117</i>	<i>177,721</i>
<i>Repair and maintenance expenses</i>	<i>92,123</i>	<i>92,014</i>
<i>Advertisement expenses</i>	<i>171,995</i>	<i>183,420</i>
<i>Other expenses</i>	<i>4,216,336</i>	<i>3,362,896</i>
Loss on Sale of Assets	1,630	9,273
Others (**)	1,670,178	1,274,492
Total	7,467,095	6,121,085

(*) Includes lease related expenses out of the scope of TFRS 16.

(**) Includes saving-deposits-insurance-fund related expenses of TL 630,573 (31 December 2019: TL 456,362) and insurance-business claim losses of TL 453,793 (31 December 2019: TL 346,165) in the current period.

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

TL 25,392,568 (31 December 2019: TL 20,673,425) of the profit before taxes is derived from net interest income and TL 6,587,665 (31 December 2019: TL 6,273,573) from net fees and commissions income. The total operating expenses amounted to TL 7,467,095 (31 December 2019: TL 6,121,085). The profit before taxes reached to TL 9,208,596 (31 December 2019: TL 8,172,268) increasing by 12.68% (31 December 2019: decreasing by 6.64%) as compared to the prior year.

There is no amount from discontinued operations.

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 December 2020, on a consolidated basis, the Bank recorded a current tax expense of TL 4,549,974 (31 December 2019: TL 2,362,115) and a deferred tax income of TL 1,726,541 (31 December 2019: TL 431,237 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 (+)	(1,964,736)	(303,287)
Decrease in Tax Deductible Timing Differences (-)	116,311	202,528
Increase in Taxable Timing Differences (-)	242,149	89,916
Decrease in Taxable Timing Differences (+)	(120,265)	(420,394)
Total	(1,726,541)	(431,237)

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)	(1,858,794)	(72,195)
(Increase)/Decrease in Taxable Timing Differences (net)	121,884	(330,478)
(Increase)/Decrease in Tax Losses (net)	10,369	(28,564)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(1,726,541)	(431,237)

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

The Bank's net operating profit after taxes is TL 6,385,163 (31 December 2019: TL 6,241,390).

There is no amount from discontinued operations.

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	80,073	76,476

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

5.5.1 Any changes arising from application of accounting for financial instruments in current period

5.5.1.1 Reconciliation of foreign exchange differences at beginning and end of current period

As of 31 December 2020, an increase of TL 1,980,100 (31 December 2019: TL 465,491) that was resulted from the foreign currency translation of consolidated foreign affiliates performances, is presented under translation differences in the shareholders' equity.

5.5.1.2 Information on changes in financial assets measured at fair value through other comprehensive income

"Unrealized profits / losses" arising from changes in financial assets measured at fair value through other comprehensive income, are not reflected in the income statement until the realization of either the collection of the value corresponding to the relevant financial asset, the sale, disposal of the asset or its weakness, and are accounted under shareholders' equity. After netting with the related deferred tax effect, an increase of TL 344,512 of (31 December 2019: an increase TL 1,035,915) is presented in the shareholders' equity for such transactions.

5.5.1.3 Information on hedge funds

5.5.1.3.1 Increases due to cash flow hedges

As disclosed in note 5.4.4 Trading income/losses, the Bank has various cash flow hedges. After netting with the related deferred tax effect, an increase of TL 161,766 (31 December 2019: a decrease of TL 551,146) is presented in the shareholders' equity for such hedge transactions.

5.5.1.3.2 Information on changes in investment hedging items related with foreign entities

As disclosed in note 3.2.2 Foreign currency transactions, the Bank applies net investment hedge accounting for foreign exchange differences arising from the conversion of foreign currency investments and foreign currency long term loans to Turkish Lira. After netting with the related deferred tax effect, a increase of TL 774,447 (31 December 2019: a decrease of TL 189,720) is presented in the shareholders' equity for such hedge transactions.

5.5.2 Transfers to legal and extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Transfers to Legal Reserves from Prior Year Profits	14,406	14,076
Transfers to Extraordinary Reserves from Prior Year Profits	6,145,071	6,627,576

5.5.3 Issuance of share certificates

Please refer to Note 5.2.14.3.

5.5.4 Effects of prior years' corrections to beginning balances of current period

Please refer to Note 3.29.

5.5.5 Compensation of prior period losses

None (31 December 2019: TL None).

5.6 Consolidated statement of cash flows

5.6.1 Disclosures for “other” items and “effect of translation differences cash and cash equivalents” in statement of cash flows

The net cash inflows arising from banking operations amount to TL 9,628,517 (31 December 2019: TL 14,438,970). TL 13,665,034 (31 December 2019: TL 3,572,118 cash inflows) of these net cash inflows is generated from the cash outflow resulted from the change in operating assets and liabilities and TL 23,293,551 (31 December 2019: TL 18,011,088) from the cash inflows resulted from operating profit. The “net increase (decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to an increase of TL 6,450,560 (31 December 2019: TL 1,788,493 decrease). The net cash inflows from financing activities amount to TL 4,386,378 (31 December 2019: TL 4,052,169 net cash outflows).

The effect of translation differences on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 2,461,351 (31 December 2019: TL 1,472,401).

5.6.2 Cash outflows from acquisition of associates, subsidiaries and joint-ventures

Please refer to Notes 5.1.10 and 5.1.11.

5.6.3 Cash inflows from disposal of associates, subsidiaries and joint-ventures

None (31 December 2019: TL None).

5.6.4 Cash and cash equivalents at beginning of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	4,343,805	4,072,788
<i>Cash in TL</i>	1,594,582	1,562,395
<i>Cash in Foreign Currency</i>	2,749,223	2,510,393
Cash Equivalents	43,662,688	33,624,816
<i>Others</i>	43,662,688	33,624,816
Total	48,006,493	37,697,604

5.6.5 Cash and cash equivalents at end of period

	<i>Current Period</i>	<i>Prior Period</i>
Cash on Hand	9,678,213	4,343,805
<i>Cash in TL</i>	2,722,172	1,594,582
<i>Cash in Foreign Currency</i>	6,956,041	2,749,223
Cash Equivalents	43,085,544	43,662,688
<i>Others</i>	43,085,544	43,662,688
Total	52,763,757	48,006,493

5.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons

The placements at foreign banks include blocked accounts amounting TL 2,423,914 (31 December 2019: TL 2,818,396) of which TL 2,222,619 (31 December 2019: TL 2,657,254) and TL 201,295 (31 December 2019: TL 161,142) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits.

Furthermore, there are restricted deposits at various domestic banks amounting TL 465,118 (31 December 2019: TL 413,230) as required for insurance activities.

The blocked account at the Central Bank of Turkey with a principal of TL 26,010,300 (31 December 2019: TL 19,425,196) is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

5.6.7 Additional information

5.6.7.1 *Restrictions on the Bank's potential borrowings*

None (31 December 2019: TL None).

5.6.7.2 *Cash inflows presenting increase in banking activity related capacity*

None (31 December 2019: TL None).

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	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	45,227	14	29,744	-	9,226	175

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	300,597	5,024	116,428	954,272	147,203	36,351
Balance at end of period	192,177	4,064	38,598	1,003,750	28,717	45,561
Interest and Commission Income	28,972	7	10,351	-	7,384	94

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	137,563	134,824	133,851	109,448	107,955	107,483
Balance at end of period	347,975	137,563	70,153	133,851	441,807	107,955
Interest Expenses	22,428	26,576	129	467	9,012	6,574

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	116,223	34,363	23,854,032	33,860,021	-	9,479
Balance at end of period	572,425	116,223	30,964,751	23,854,032	-	-
Total Profit/(Loss)	716	542	(266,345)	(72,707)	-	-
Transactions for Hedging						
Balance at beginning of period	-	-	643,552	1,004,943	-	-
Balance at end of period	-	-	565,120	643,552	-	-
Total Profit/(Loss)	-	-	(2,069)	1,272	-	-

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 879,749 (31 December 2019: TL 147,011) compose 0.25% (31 December 2019: 0.05%) of the Bank's total consolidated cash loans and 0.16% (31 December 2019: 0.03%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 1,613,063 (31 December 2019: TL 259,492) compose 0.30% (31 December 2019: 0.06%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 957,567 (31 December 2019: TL 1,053,375) compose 1.19% (31 December 2019: 1.68%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 859,935 (31 December 2019: TL 379,369) compose 0.24% (31 December 2019: 0.14%) 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 5,526 (31 December 2019: TL 5,415) was recognized for the real estates rented to the related parties.

No operating expenses were incurred for the IT services rendered by the related parties (30 September 2019: TL 414). Other income of TL 4,248 (31 December 2019: TL 3,905) for the IT services rendered and banking services fee income of TL 17,468 (31 December 2019: TL 12,513) were recognized from the related parties.

Operating expenses of TL 87,688 (31 December 2019: TL 66,569) 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 116,069 as of 31 December 2020 (31 December 2019: TL 134,035).

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

5.8.1 Domestic and foreign branches and representative offices of parent bank

Parent Bank					
	Number of Branches	Number Of Employees	Country		
Domestic Branches	884	18,540			
Foreign Representative Offices	1	1	1- Germany		
	1	1	2- China		
				Total Assets	Legal Capital
Foreign Branches	1	13	1- Malta	30,001,077	-
	7	101	2- KKTC	4,312,995	80,000

5.8.2 Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure of parent bank

In 2020, 1 domestic branches were opened and 21 branches were closed. (In 2018, 2 domestic branches were opened and 24 branches were closed.)

5.8.3 Information on consolidated financial subsidiaries of parent bank

Garanti Bank International NV					
	Number of Branches	Number Of Employees	Country		
Foreign Representative Offices	1	9	1- Turkey		
	1	-	2- Switzerland		
				Total Assets	Legal Capital
Head office-the Netherlands		209	1- Netherlands	30,370,458	EUR 136,836,000
Foreign Branches	1	18	2- Germany	682,922	-

Garanti Bank SA					
	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Romania Head Office and Branches	75	1,008	Romania	20,632,817	RON 1,208,086,946

Other consolidated foreign financial subsidiaries

	Number Of Employees	Country	Total Assets	Legal Capital
Garanti Holding BV	-	Netherlands	3,081,903	EUR 385,388,600
G Netherlands BV	-	Netherlands	3,082,419	EUR 120,682,821
Motoractive IFN SA	78	Romania	1,530,960	RON 40,138,655
Ralfi IFN SA	111	Romania	1,103,352	RON 10,661,500

Consolidated domestic financial subsidiaries

	Number Of Employees	Total Assets	Legal Capital
Garanti Finansal Kiralama AŞ	102	5,846,989	350,000
Garanti Faktoring AŞ	122	2,912,563	79,500
Garanti Emeklilik ve Hayat AŞ	706	2,855,596	50,000
Garanti Yatırım Menkul Kıymetler AŞ	296		8,328
Garanti Portföy Yönetimi AŞ	41		25,000
Garanti Yatırım Ortaklığı AŞ	9		35,000

5.9 Matters arising subsequent to the balance sheet date

None.

6 Other disclosures on activities

6.1 Information on international risk ratings

6.1.1 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 (September 2020)

Long Term FC	B+ / Negative Outlook
Short Term FC	B
Long Term TL	BB-/ Negative Outlook
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

6.1.2 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

6.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS (September 2020) (*)

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

(*) Latest date in risk ratings or outlooks

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

FITCH RATINGS (September 2020) (*)

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

(*) Latest date in risk ratings or outlooks

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

FITCH RATINGS (May 2020) (*)

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

6.2 Dividends

As per the decision made at the annual general assembly of shareholders of the parent Bank on 17 July 2020, the distribution of the net profit of the year 2018, was as follows;

2019 PROFIT DISTRIBUTION TABLE	
2019 Net Profit	6,158,841
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(5,437)
B – First dividend at 5% of the paid-in capital	-
C – Extraordinary reserves at 5% after above deductions	(307,942)
D – Second dividend to the shareholders	-
E – Extraordinary reserves	(5,845,462)
F – II. Legal reserve (Turkish Commercial Code 519/2)	-

6.3 Other disclosures

None (31 December 2019: None).

7 Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The consolidated financial statements of the Bank and its financial subsidiaries as of 31 December 2020, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and the independent auditors' report dated 28 January 2021, is presented before the accompanying consolidated financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None.